

# *Review of* INTERNATIONAL AFFAIRS

## 104-105

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<i>Đorđe JERKOVIĆ</i>	A FORTNIGHT IN THE WORLD
<i>L. ERVEN</i>	EUROPEAN COLLECTIVE DEFENCE
<i>Jean ROUS</i>	THE SUCCESS OF MENDES-FRANCE
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# Review of INTERNATIONAL AFFAIRS

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# A FORTNIGHT IN THE WORLD

Dorđe JERKOVIĆ

## AN INSTRUCTIVE EXAMPLE

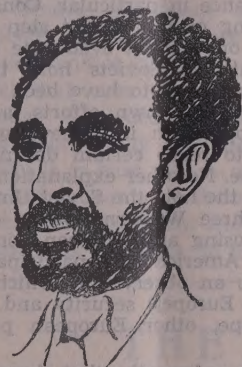
THE eight day visit of the Emperor of friendly Ethiopia was concluded by a joint communique which proclaimed the determination of Ethiopia and Yugoslavia to broaden their mutual cooperation in general, and especially in the economic and cultural fields. The visit obviously had no other purpose than that which it served: namely, to show by a living example in the troubled world of today that not only coexistence and tolerance on the basis of mutual respect and equal rights are possible between peace loving countries, but also fruitful cooperation in all spheres, regardless of race, continent, size or ideology.

It was truly moving to see the magnificent welcome given to the ruler of a remote African country by hundreds of thousands of Belgrade citizens and Yugoslav people wherever he appeared; they acclaimed him as the representative of a people who fought in the recent past against our former common enemy, and as the ruler of a country which is struggling to emerge from backwardness and oppression. There was something in the welcome extended which revealed the moral force and greatness of our people, which enables them to give their confidence, solidarity and support to the weak and oppressed, to those who need it, in a way and to an extent which many more „civilised“ and bigger peoples might envy.

Direct relations between Yugoslavia and Ethiopia are of comparatively recent date. In fact, after the fascist attack on that country, whose struggle we followed as if it were our own, there were no possibilities for the maintenance of direct relations between the two countries until after World War II, when cooperation was initiated in the UN and other international agencies, where the efforts of the two countries coincided on various occasions. The moment for the establishment of direct and broader relations and cooperation on the Ethiopian side came when the latter, profiting by past experience, decided to create a certain international position for herself, and begin the struggle for the liquidation of backwardness and oppression. On the Yugoslav part, however, the moment came when, thanks to the economic development already achieved, our country became an attractive partner in economic cooperation. This in-

deed has proved an indispensable supplement in the political and general international activity of our country, whose interests had previously exceeded the limits of her immediate economic possibilities.

In the numerous and close contacts made by the Ethiopian Emperor during his eight-day visit to the President of the Republic, his colleagues, the people, and our country itself, he had the opportunity of acquainting himself with a new, hitherto unknown side of „white“ Europe, of which the people in the „coloured“ continents have clear-



ly defined opinions. These contacts, however, cannot remain without influence on the further development of views in that country. We have also gained deeper and more direct insight in the situation and problems of Ethiopia and Africa, until yesterday so little-known parts of the world, and yet so similar in their aspirations towards peace, progress and independence. This circumstance must likewise produce good results and will doubtless exert a favourable influence on the relations of the two peoples, and the common cause. The practical relations between the two countries in all fields, which have taken an immense step forward thanks to this visit, will prove in the near future how right we were to choose this path which, particularly under the present circumstances, represents the only solution for the difficulties which beset the world on every side. If all countries were inspired by such wishes and interests in shaping their policies towards other countries, and if they would create the basis for their relations and cooperation on such foundations, we are convinced that, in spite of the numerous differences between peoples and continents, the world

could look more serenely and with greater confidence towards its future, and devote its forces to efforts for the achievement of that general progress for which almost all the necessary basic conditions already exist.

## VICTORY OF REASON IN GENEVA

SUMMARISING the talks lasting almost three months at the Geneva Conference on the problems of Korea and of Indo-China, which ended in complete failure where the former was concerned, while scoring considerable success in the latter, the question arises why the simpler and now secondary Korean problem had so different a fate from the other, far more complicated central issue of the Pacific area, namely the problem of Indo-China? If the answer to this question were sought for in the relations within the Geneva Conference and its development, the fact that the Indo-Chinese problem moved from its deadlock mainly due to the fact that the new French Government appeared with a new policy at the Geneva Conference, and, in the role of chief interested party and factor with combined tactics containing a sufficient modicum of force and pressure, as well as realism and moderation, assumed decisive importance. It may thus be concluded that the Indo-Chinese problem was dealt with and resolved because one of the partners adopted the most suitable course at a given moment. This would also imply that in the case of Korea the Western failed to adopt such a policy towards the so-called East as would be capable of proposing and achieving a reasonable solution. In the case of Indo-China, Mendès-France arrived ready to cooperate in the quest for a compromise solution within a fixed term, while at the same time retaining the alternative (in case of failure) of inevitable submission to another pro-American policy in Asia, which was substantiated by Dulles' statements in Paris on the eve of the Geneva agreement. As for the Korean problem was concerned, the Western powers were not able to offer a convincing and acceptable alternative which would be submitted and accepted, not only for its contents, but also in view of the possible alternative solution. Instead of this, both the proposals and counter-proposals advanced only had the effect



of preventing a mutual rapprochement, while incapable of depriving the opponents of their trumps, and all they achieved was the continuance of the present deadlock for which they are equally responsible.

As marking the end of the only present remaining „hot“ war, which recently threatened to spread ominously, the Geneva conference on Indo-China is certainly an important event which will doubtless constitute a vital element in the further pacification of the world, particularly in troubled Asia. As an integral part of the still outstanding Asian issues, the Indo-Chinese problem will reveal its full significance during its further settlement, if interpreted for what it is: namely, an initial achievement leading to the normalisation of the Asian situation, which is causing such uncertainty and international anxiety. As a step towards a peace-loving solution of the Indo-Chinese national problem, under conditions of mutual respect for specific principles, on both sides, the agreement would inevitably lead towards a more complete solution of the extant issues, in accordance with the basic aspirations of the people, and the interests of peace.

The agreement was received with uncoyned relief in Asia and it seems that the People's Republic of China does not differ in this respect from the other independent states. For if we interpret her present policy and interests correctly, cooperation on the Indo-Chinese agreement would appear to China as a necessary constructive gesture which may, at the eleventh hour, dispel the dark clouds which appear to be gathering as the precursors of an impending storm on the Pacific, and towards which China could not remain indifferent, in view of the extant balance of power in that part of the world, if for no other reason.

In spite of the unfavourable provisions of the agreement regarding her colonial position, France seems to have triumphed in Geneva. Retreating today with less losses and more honour from a position she would inevitably have had to abandon tomorrow with greater losses and less honour, France revealed an understanding of the spirit of the times and her own possibilities, as well as the necessity for her internal consolidation in new positions, with the aim of resolving European problems which are of greater importance for her. There can be no doubt that this agreement marks the first major progress in this direction. Henceforward to a far greater extent than before, the solution of many problems for that country and Europe, which have so far been handled as if France were non-existent, will be directly contingent on French policy.

Soviet policy cannot consider its role at the Geneva Conference as a success, or claim that it played a part in the results achieved. As far as it depended on the Soviets, and while this was the case, matters proceeded in an atmosphere of propagandist duels and pursued a vicious circle. As far as is known, the attitude adopted by the Soviet Union towards Indo-China did not resemble the role attributed to Eden where France was concerned, i. e., an attitude of support and encouragement, which was all the more important as Mendès-France could not count

on the support of his important American ally. It is true that Moscow considers the agreement as a card played in Asia in favour of Soviet policy in Europe, but they may easily be mistaken, as the role and merits of certain countries in the Geneva agreement was only too obvious. This agreement is the result of reason, and its further fate most probably depends on the extent to which reason will continue to prevail with the decisive Asian and European states, primarily France, and the extent to which these countries will be able to act independently along the lines already chosen, regardless of non-realistic and non-peace-loving combinations of third parties. While independent, they must inevitably act in accordance with the interests of peace and pacification, which has received such an incentive in Geneva that will most probably introduce a new phase in this process.

## THE SAME OLD GAME

THE first favourable and unfavourable reactions to the Geneva Agreement on Indo-China had hardly abated when the Soviet policy makers found it necessary to render an account to the European countries — to France in particular. Considering the timing of this Soviet step and its content, one cannot evade the impression that the Soviets hold the Geneva Agreement to have been brought about by their own efforts, and that their cooperation in Geneva was calculated to serve certain definite aims in Europe. No other explanation can be given to the note the Soviet Union sent to the three Western Powers on July 24, proposing an European conference — with America as a participant, and China as an observer — which would consider Europe's security and, within that scope, other European problems also.

It is noteworthy that almost at the same time the People's Republic of China in the person of Chou En-lai raised the problem of Asian security too. But, there are two significant, if not essential differences between the Soviet and Chinese moves. Firstly, China treated the whole matter only as an idea, a possible offer, not yet formulated in any official form. Apart from that, Chou-En-lai's move came immediately after China had shown in Geneva that she was ready to work for the settlement of issues in a peaceful way. Secondly, despite all the uncertainty displayed in the Asian countries towards Chinese policy, China is not in Asia what the Soviet Union is in Europe. Because of this, the Chinese move is more moderate and realistic. But even so, it is difficult to believe that the Asian countries will enter into any arrangements with China without deep thought. It is still more difficult to expect the European countries to accept the Soviet initiative without any reserve, and so enable the Soviet Union to achieve by manoeuvre what it has failed to achieve through years of pressure and intimidation.

It must be stressed that the problem of Europe's security does exist, and that it now awaits a solution. There-

fore a serious and sincere discussion of the whole matter at a conference table, with the participation of all the European states, great and small, would be desirable and beneficial. For if the people of Europe are to approach the solving of existing problems, they should start with the problem of security, which today frustrates all efforts to reconstruct and consolidate the economies of the European countries, and so prevents their progress. The existence of the problem must be ascribed to Soviet policy, which has been obstructing its settlement for years, because it is in Moscow's interest to keep Europe divided, weak and insecure.

In view of this it will not be surprising if the Soviet note does not meet with a favourable response in the world, particularly in the countries of Western Europe. According to first reports, it has not been received equally everywhere. While in America it has caused a great deal of displeasure and indignation, and while London is thoroughly reserved, there are indications that Paris may take it quite differently. The determining of a joint attitude of the Western Powers will, therefore, require both efforts and time, just as it was the case in the spring of this year, when the Soviet Union offered to join the Atlantic Pact. Yet it may be expected that their answer, though it may not reject the Soviet initiative outright, will not accept it either. Everything shows that the Soviet intention is to paralyze all efforts to ratify the European Defence Community treaty or set up other, more or less suitable arrangements that would consolidate Europe.

If, therefore, this Soviet move fails, as all others before it have failed, there will be nobody to blame outside the Soviet Union. For if the Soviets really cared about European security, they would have shown this at many international meetings and conferences. In the U. N. Sub-Committee for Disarmament, which has recently concluded its sessions without success, the Soviet Union did not show the least readiness to agree on disarmament issues; similarly, in other U. N. bodies it has not displayed any interest in problems whose solution would increase international security. The Soviet Union's relations with the rest of the world, particularly with its near and more distant neighbours, though improving, have not yet advanced far enough to make people trust its policy and intentions. Finally, there are the problems of Germany and Austria, whose solution would be the most effective lever in improving the situation in Europe and its security.

Instead of embarking upon a road of eliminating concrete obstructions and sources of insecurity and tension, the Soviet Union raises the question of general European security, which is a purely abstract one under present conditions. We cannot but feel that the first, direct aim of the Soviets is to obstruct efforts to consolidate Europe, and then to persuade its western partners to negotiate a division of the world into spheres of influence based on the present state of affairs.

It would be fortunate if this Soviet initiative were to be countered by a reply which would prevent Moscow from exploiting the popular slogan of Europe's security, i. e., by proposals



for talks which would have to be accepted, and which would — through their creativeness and realism — lead to further relaxations in international tension, enable people to eliminate the existing causes of mistrust, and open an era of security for Europe and the world.

## CHINA AFTER GENEVA

**T**HOUGH the name of New China was not among the names of those who organised The Geneva conference, her representatives came like those of other invited countries, being interested in the Indo-China and Korea questions. She came back from the conference, however, established as a great power which, during the conference, acted as an equal partner with other great powers. Considering the importance of all those components which make up the so-called Chinese question, and because of her role in modern Asia, it could not be otherwise. Her coming to the Geneva conference made an occasion for China to enter international political life as if she were a partner with whom one should and could discuss matters, as the Geneva results showed later.

If the supposition is true, that the contact between the Chinese representative and Mendès-France in Berne was fatal to the better progress of the Geneva talks, to say nothing of the activity of Chu En-lai in those days when his colleagues left the conference in an uncertain state, each for his own reasons, leaving things to take an indefinite course, we may arrive at some conclusions regarding the Soviet role in Soviet-Chinese relations.

Chinese policy at the conference becomes even clearer if we observe it in connection with the visit of Chu En-lai to India and Burma, after which rumours were heard about chances of the consolidation of peace and the improvement of relations among the peoples of that region.

The determined cooperation of China at the Geneva conference on the Indo-China agreement, and her further activity on the same lines in Asia, are undoubtedly connected with the noticeable development in the relations between China and the rest of Asia. As we all know, many American circles were not pleased with the Geneva conference, and did not wish for its success which in their eyes would mean a repetition of the Munich capitulation. Instead of that they preferred other methods and another solution, which would, so to say, perhaps lead to more definite concessions from the other side. But firstly it was not certain that this would be the case, even temporarily, and secondly it was pretty sure such an outcome would deal a hard blow to any possibility of an eventual peaceful solution. Instead the inevitable consequence would be the spreading of the struggle over a wide region.

For tactical reasons neither the France before Mendès-France nor England agreed with this policy. England's attitude depended on the Geneva talks, while Bidault adopted this

policy as an alternative to or even as parallel with his efforts at Geneva. Because of the attitude of influential America and the uncertain attitude of France all progress in Geneva was hampered, and it led to the fall of the French Government and brought in a new one which, through the very hint of a new policy, was able to put energy into the whole conference. This forced the other side to come out with a clear attitude. It created a new situation for China in which she found herself faced with a new France, which enabled her to maneuver freely on the line of her own policy, instead of as in the past, when her only choice was to lean completely on the U.S.S.R..

It might be said that the secret of the Geneva success lies in the fact that the new French representative judged the moment well, and because the new Chinese representative estimated rightly the occasion which arose with the change of Government in France. If France achieved most with Geneva, China has achieved even more on the line of her long-term policy, not because she has widened her influence and strengthened her position, but because through the repercussions of the Geneva conference much has been gained of the further development of relations in Asia for the improvement of the attitude of the outside world toward Asia.

The Geneva agreement has only strengthened the anti-Chinese attitude in America, and it is not an encouraging fact that even the cautious English policy weakened before the dispositions concerning Chinese acceptance. But it is true that it was more difficult before than after the conference to satisfy the European and the less dependent Asia countries, to determine

political and strategic action in Asia. It is true too that hopes for solving the Chinese question, which is an essential element of the abnormal situation in Asia, are greater than before Geneva, though there is a change in American policy in this respect which may lead in the opposite direction.

It may seem exaggerated to say that in spite of the attitude of the other side, China holds in its hands the opportunity for the further calming and normalisation of relations in Asia, and this opportunity depends upon the degree of her independent and peaceful policy in that part of the world. As the fate of many European problems depends upon an independent solidated France, in spite of its weakness, for the same reason it depends upon the capacity of China to take a more determined attitude on international questions, and to start along the road of real international cooperation, both inside and outside Asia. Not only does her peace depends upon it, but also the peace of Asia, and other peoples policy towards Asia. Will Geneva mean a change of direction on the part of China and encourage her to follow that road, or is the Geneva conference only a way of avoiding that necessity? The answer to this will be seen in the near future, and we shall see, too, whether China, by participating in the solution of the Indo-China problem, has irrevocably taken a new road, or whether she was merely finding a way out of a quandary.

## THE OBSTACLE



— The question of Europe has to be solved!  
 — Yes, just move a little bit, because of your shadow it can not be seen very well.

(From „Omladina“).



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# OPINIONS ON ACTUAL PROBLEMS

L. ERVEN

## European Collective Defence

THE West European system of collective security is based on the North Atlantic Treaty Organization (NATO), which is the only operational organization in this area. This is a political and military alliance, with some elements of integration, including, in addition to the United States of America and Canada, all the States of Northern Europe, the exception of Finland and Sweden; the whole of Western Europe, Switzerland excepted; Southern Europe, with the exception of Spain, and, finally, the Algerian departments of France, Greece and Turkey. Western Germany, Western Austria and Zone A of the Free Territory of Trieste are not parties to the North Atlantic Treaty, but their territories are, in fact, included in the defence system of NATO, in view of the provision of the Treaty that any attack against the forces of occupation or the Allied forces stationed in these territories is tantamount to an attack against the members of NATO themselves.

The obligation of the NATO members to help one another in case of aggression is based on a principle of elastic automatism. Each member is under the obligation to extend, individually and in concert with the other parties, such help as it deems necessary, including the use of armed force. This conception of an automatic obligation (automatic in so far as something has to be done but without defining what has to be done in any definite case) left to the members of the Treaty great freedom in deciding in what way they should take part in an action against aggression. The contribution of each of the parties in fighting against aggression would, therefore, not necessarily be of the same kind, and the members were, legally, free to decide, at their own discretion, what kind of help and how much they should give the member attacked. It might have been imagined that this right of discretion would be exercised by individual members in individual cases differently—in accordance with the degree in which the aggression threatens the security or other interests of the member which is giving help.

However, this discretion, which was guaranteed to all the members by Art. 5 of the North Atlantic Treaty, was considerably limited as a result of the later developments of NATO, including the following: NATO troops have been organized under a Supreme Command; Common regional defensive groups, commands and organs have been organized; common operational plans have been completed, and common bases and other elements of a supra-structure have been set up. All these measures presuppose a definite unity of action on the part of all the members to which these plans and other strategic measures are to be applied.

This development of the NATO, which was not to be deduced from the provisions of the Treaty, meant organizational changes, introducing important elements of integration in the field of military political defence, and influencing even the general strategic conception of the North Atlantic Treaty. An integral defence plan (in which the defence of the national territory of each member, forms one section of a general and integral system, the national defence measures being subordinated to the aim of this general system, viz., of the general operational plan) has

replaced the co-ordination of the national plans of the member States. Various defence sectors in different areas of the defended Europe may, within the above general plan, vary in importance and be treated, at different moments, in different ways, being either defended or provisionally abandoned in accordance with the opinion of the joint North Atlantic Command overruling the decisions of the national Governments (if, of course, joint forces are concerned). The well-known conception of General Bradley on local wars was based on this explanation of obligation in case of aggression. These local wars need not necessarily lead to the immediate engagement of the NATO forces, unless such an action is in the more general strategic interest of the security of the whole defensive system. This conception was restated in a sham report, dealing with the strategic plans of the NATO Command, which was recently published by „Le Monde“, and provoked violent discussions in the political circles of some member countries.

The North Atlantic Treaty is in some respects a European defence organization. First of all, a great majority of its membership is formed of the countries of Europe—out of 14 members 12 are European States. It can be treated as a European defence organization also because its primary object is the defence of the territory of Europe, if directly threatened by aggression. Besides this, the organization of the system takes place chiefly in Europe.

On the other hand, the NATO is not actually a European defence organization, although it includes the defence of Europe, because the greatest contribution, with all else implied by that, is made by the United States of America. The United States is the chief organizational, military and economic force behind the Atlantic Treaty. The contribution of the European States, especially of the more powerful ones, is considerable, but the contribution of the USA is still greater. There are some members of the NATO whose military and defence contribution wholly depends upon help from the USA. The United States of America is not only the chief financier and supplier of NATO but in many (and most important respects) the chief force which shapes the concept of NATO, holding a majority of its key positions.

The North Atlantic Treaty includes, in fact, two concepts of defensive objects. These concepts, owing to their close interdependence, form, more or less, a single whole. One concept is European, the other is American.

The European conception has in view the defence of Europe, i. e., of that part of the European territory covered by the national territories of the European Parties to the North Atlantic Treaty. The European States made an alliance with the United States of America and Canada in order to defend Europe from aggression with the help of the two non-European States. This conception is narrower than that held by the USA.

The American conception considers the defence of Europe to be the function of the defence of America. According to this conception, America is forced to secure as effective a defence of Europe as possible, because this is the way to defend herself. The security of Europe is an essential condition for the security of America. The USA Admi-



nistration explained and defended in Congress the whole system of foreign military help and the American military engagement in Europe, starting from the assertion that such a policy is vital to the security of the United States of America. The North Atlantic Treaty is the instrument of such a policy.

The policy of security, although starting from the two so different assumptions, led the American and European States to agreement as regards a joint system of collective defence. NATO, being a military defence alliance, is an embodiment of this policy. It serves both the interests of general solidarity, which are threatened by aggression, and the interests of the national security of each individual Party.

These differences of attitude towards NATO as an instrument of the policy of security of its members, are becoming sharper as the conception of collective security and defence becomes broader, going beyond the framework of the Atlantic Treaty. NATO completely meets the security needs of the great majority of its members. For a small minority, and for the United States of America in particular, the North Atlantic Treaty is, however, just one part of their security. American conception is that the effective defence of its area could be guaranteed only if the defence of wider or strategically dependent areas is also organized. The requirements of the American conception are not fully satisfied by the establishment of a European defence system, but should be implemented by similar systems in other parts of the world. The United States of America is already establishing strategic bases, concluding bilateral agreements and organizing regional group, setting up a broad system of world collective security (Spain, Morocco, the Middle East, South-Eastern Asia, the Far East). Within the framework of this world system, which the United States are in the process of building, the Atlantic Treaty, from the American point of view, is no longer a separate and independent defence organization, but a component part of a much broader organization.

This development of collective security and NATO have no direct organizational links but there is another, no less important, link which is to be found in the fact that the Big Powers, which are parties to NATO have their vested interests and are pursuing their policies in those areas which are fields of the parallel systems of the American policy of collective security. We think that there is no doubt that the Big Powers engaged in the NATO, or some others outside of the NATO, cannot pursue one policy of security within NATO and another policy outside of it. There is no doubt that their engagements outside of NATO are bound to influence their attitude and their relations in NATO itself, their views on the role and objects of the Atlantic Treaty, and the closeness of their relations within NATO.

In view of this development of the system of collective security, we are forced to the conclusion that the conception underlying the North Atlantic Treaty has undergone a radical change. NATO, as a defensive military alliance in the area of the North Atlantic and Europe, has been fundamentally changed. The defence of the North Atlantic and that of Europe has ceased to be characterized by a single basic contractual aim, and has become one element within a much broader, supraregional system of collective security, based on the requirements of global strategy and depending upon them.

The preeminence of European defence within the framework of the North Atlantic Treaty should have been safeguarded within the European Defence Community as an integrated supporter of West European defence. It should have been, as far as it goes, a purely European defence organization, included in a broader defence system of the NATO. However, this idea has not yet been realized. It is impossible to predict now what the final solution of this problem will be. It is also impossible to foresee what influence the European Defence Community, as any other alternative solution, will exercise on the internal cohesion of NATO.

Some West European countries are inclined to accept NATO as the general framework of a united defence system which should include all other organizations of a narrower regional character which may be created in the future. This is a tendency towards a complete centralization of the defence system, i. e., towards a general defence integration. So, for instance, the European Defence Community was planned to become just a specially formed group within NATO.

Some military advantages are, undoubtedly, inherent in this system, if we disregard political complications. These advantages appear in a much less favourable light if we take into consideration — and we are definitely under the obligation to do so — political conditions which now prevail.

All military alliances play a double role. They are both the instruments of defence in case of a conflict, and the instruments of policy which should ward off the conflict and contribute to the stabilization of peace and to the development of international co-operation among the parties to the alliance. A strictly centralized system of collective defence, covering different areas, in which the members have different interests or hold different views, making their policies conflicting ones, would not have that internal cohesion which is the desired object of the centralization. Centralization, in this case, would defeat its own purpose. (The European Defence Community, for example, which was considered to be an element of strengthening NATO appears now to be a disturbing element within NATO, and this, of course, does not serve the interests of solidarity among the parties to the North Atlantic Treaty).

This disadvantage of the centralization of the system of collective security would be still greater if the NATO broadened its basis, because the joint defence would thus be complicated by other problems of the various regions of the world in which the allies may have different interests, or pursue different policies.

Having all this in view, it must be concluded that the principle of elasticity that originally formed the basis of the North Atlantic Treaty, would better serve the purposes of collective security than the principle of centralization which, owing to the different interests of various States and to their unequal forces, may easily become a unilateral system of the policy of security in the world, defended either by one Big Power or a small number of them.

A system of collective security which would guarantee peace and security, all over the world, is a very complex problem, depending upon various aspects of international relations and upon the national policies individual States. A realistic system of collective security for all nations united in a common desire to preserve the universal peace and to defend their independence, requires the adoption of more elastic forms and a greater variety of methods.



## The UN Charter and Guatemala

In response to a request by the editors of the "Review of International Affairs" to contribute an article on the latest developments in preparations for a revision of the U.N. Charter, I believe that there is nothing to add to what is already known. The proposed revision of the Charter has already been thoroughly discussed in Yugoslavia, and some time ago Yugoslav experts completed an exhaustive study on the subject and submitted it to the Carnegie Foundation. But I should like to give some of my personal views on certain aspects of practical work in the United Nations which may easily influence the preparations to revise the Charter; in fact, I should like to repeat an old truth.

To what extent is the United Nations a universal organization, not only regarding the number of countries represented in it (of the 87 world states 60 are U.N. members) but regarding its policy? Does it really represent world opinion, or is it under the influence of one, or a group, of great powers? Naturally, I do not believe that the participation of all states in the work of the United Nations would automatically ensure greater respect for its principles, or their direct application in practice. For I am well aware of the present state of affairs in the world. But no one can say that this would not give new strength to the organization and, perhaps, force some of the states to give greater attention to the principles contained in the Charter.

In my opinion this is an important question, which might affect the whole future of the United Nations. For even the wisest and most well-meaning proposals for changes in the Charter will be of no help if the organization is to be an mere instrument of the policy of one or a group of world powers, particularly if such a policy should prove to be unjust to any state.

Impartial observers may have concluded that the United Nations — owing to the fact that it is not universal organization and that its membership does not yet include all the great powers of the world today — has begun to fall into insignificance, and that some of the most important world problems are being tackled and solved outside it. Though in principle one can have nothing against meetings of the great powers — on condition that at such meetings they do not settle things at other people's expense — the fact remains that in the last twelve months the United Nations has been disregarded completely, that there is a wish to create the impression that it is not a suitable body for solving fundamental world problems.

Thus inactive in solving important problems in the present international situation (Germany and Indo-China), the United Nations some time ago displayed yet another kind of inactivity — this time in the case of Guatemala.

Because of all this, people, particularly in small countries, are beginning to forget the achievements of this organization in the last nine years. Opinions are now being voiced that the prestige of the United Nations has suffered the greatest blow since its foundation, and it is even being compared with the League of Nations.

### THE SECURITY AND REGIONAL ORGANIZATIONS

In comparison with the League of Nations, the United Nations is, by virtue of its Charter, a far more effective instrument for preventing war and for solving international disputes. Such shortcomings as had existed in the League of Nations were eliminated in this organization in 1945, and war — under Article 51 of the Charter, even defensive war — was to some extent outlawed. In case of an armed attack on any state, the attacked state could take defensive measures only until the machinery of the United Nations started operating on instructions from the Security Council, which, as Article 24 of the Charter says, is "responsible for the maintenance of international peace and security".

The armed attack against Guatemala started on July 18. And on the 20th of the same month the Security Council met to consider a complaint from the Guatemalan Government which, on the basis of Articles 34, 35 and 39 of the Charter, demanded that Honduras and Nicaragua should stop their armed attacks, and that the Security Council should send a commission to control peace in Guatemala, as well as in Honduras and Nicaragua.

The powers accused of aggression — Honduras and Nicaragua — rejected the Guatemalan charges, saying that all disputes in that area of the world should be referred, not to the Security Council, but to the regional organization, i. e., the Organization of American States. A proposal to this effect was actually submitted by the representatives of Brazil and Colombia.

This joint Brazilian and Colombian proposal was not accepted by the Security Council, for it was opposed by the Soviet Union. But neither the Soviet Union nor any other member of the Council did anything to meet the request of the Guatemalan Government that a commission should be sent to the Central American countries involved. And with that the Security Council failed to perform its basic duty, i. e., to defend peace and security in the world. At the end of the meeting, a mild resolution, proposed by the French delegation, was adopted:

"Having considered the statement the Guatemalan Government had submitted to the President of the Security Council, the Council demands that all actions leading to bloodshed be stopped, and appeals to all United Nations member states to act in the spirit of the Charter, and withhold assistance to such actions".

But this mild warning by the Security Council had no effect. Honduras and Nicaragua continued their armed actions against Guatemala. Forty-five Guatemalan towns were bombed from the air. Then, on Guatemala's insistence, the Security Council again met on July 25, although its president for June, the American delegate, Cabott Lodge, was against such a meeting.

At that meeting the Council displayed extreme indifference. It refused to consider the essence of the problem, and instead conducted protracted discussions on whether the Guatemalan petition should or should not be placed on the agenda.

With five votes (Chiang Kai Shek's China, Turkey, the United States, Brazil and Colombia) to four (Denmark, Lebanon, New Zealand, and the Soviet Union) and two abstentions (Great Britain and France) the Security Council delivered a heavy blow to its own reputation, since the decision adopted meant that that most responsible body for the maintenance of international peace and security made the way free to aggressors. By the same decision the Council passed a death sentence on the legitimate government in Guatemala, for on June 30 it was crushed by pressure from the aggressors.

Here I would like to dwell for a moment on the arguments put forward by the majority in the Security Council. They maintained that the Security Council was not competent to consider the case; that it must be referred to the regional organization in that part of the world, that is, to the Organization of American States. The Turkish delegate described the case of Guatemala thus: "Events in Guatemala are family differences, and can best be settled in the family circle."

Regional organizations, it is true, can play a very useful role in solving disputes between states. But when peace is violated and an act of aggression takes place, the Security Council must step in and perform the task entrusted to it by the U.N. Charter. It is empowered to use the regional organizations as an instrument for carrying out its own decisions, but in no case can it transfer its competency to such organizations. This is stated quite clearly in Articles 52 and 103 of the Charter.

Further, regional organizations can exist only on a voluntary basis, on the expressed willingness of states to accept such organizations as arbiters in their disputes with



other states. In this case Guatemala rejected the competence of the Organization of American States, maintaining that she had no dispute with Honduras or Nicaragua; that the whole matter involved a clear act of aggression, and as such was within the exclusive competence of the Security Council.

The attitude of the Security Council in this case must be considered from yet another angle. It set a precedent that might be used in similar cases elsewhere in the world. With the decision to delegate its responsibility for the maintenance of peace to regional organizations, with the evasion of its duties, the Security Council has violated the principle of the United Nations, which says that peace is indivisible and that the world cannot be divided into spheres of influence or closed hunting grounds, within which the most powerful states can do as they like.

Let us consider how powerful a weapon has been placed at the disposal of the great powers, whose shadows cover large areas of the world. Now any of the great powers can set up its own regional organizations, impose them on small states, and so be able to do what it likes, violate the U.N. Charter at will, and if the Security Council wishes to intervene, say only "family differences" are involved, recalling the precedent set up in Guatemala. After all, was not the pressure on Yugoslavia justified by a similar slogan.

### AGGRESSION AND CIVIL WAR

The Security Council members who opposed the placing of the Guatemalan complaint on the agenda maintained that a civil war had broken in that country, that no attack had been made against her from outside, and that, accordingly, no one could speak about aggression.

Here we must consider a problem which used to give a lot of trouble to the League of Nations, and which now causes just as much worry to the United Nations, i. e., the problem of defining aggression. In order to set the machinery of the Security Council in motion, it is necessary first to determine who is guilty of aggression. And the aggressor, knowing what to expect, wishes to hide his true intentions, to show that he is taking military steps for defensive purposes only. We have seen how North Korea tried to conceal her act of aggression by saying that she herself was first attacked by South Korea. In that case, however, the machinery of the United Nations was put in motion with hardly any delay. In Guatemala the government did not undertake any measures in the first 72 hours, merely because it did not want to be accused of aggression in a like manner. This delay — though justified in view of the hope that the United Nations would intervene — was dangerous, for it enabled the aggressor to gain decisive the military advantage from the outset.

The claim that only a civil war, and not an attack from outside, took place in Guatemala cannot be sustained, since in international law, insofar as it defines aggression at all, the London Convention of 1933 in Article 5 Paragraph 5 says that any state shall be considered guilty of aggression which assists armed bands attacking any other state, or refuses the requests of the attacked state to take all the necessary measures in its own territory to deprive such bands of assistance and protection.<sup>1</sup>

Lately this principle has again been proclaimed. The General Assembly, giving instructions to a special commis-

<sup>1</sup> What is the truth in this case? Were Honduras and Nicaragua really guilty of aggression? It is generally believed that the Guatemalan charges were true. This belief is further strengthened when one considers the sequence of events in the last six months: Guatemala censured at Caracas; Honduras and Nicaragua signed military assistance pact with United States; Nicaragua broke off diplomatic relations with Guatemala; the Guatemalan Government warned that an attack was planned on her territory; a blockade to prevent shipments of arms to Guatemala. According to all this the Guatemalan charges must have been true.

Now, the Guatemalan charges are being substantiated also by some circles in the United States — circles which cannot be said to be prejudiced against Castillo Armas, the leader of the bands that attacked Guatemala. Thus, the usually well informed New York weekly magazine "Time" of July 12 wrote:

"Six months ago Castillo Armas was an unimportant exile in Honduras, plotting in impoverished frustration

sion formed to draft the definition of an aggressor, expressly recommended that the above-mentioned paragraph of the London Convention should be inserted in the draft. Also the U.N. Commission for International Law drafted its own proposal for the definition, along similar lines.

### COEXISTENCE OR IDEOLOGICAL WAR

At a meeting of the Organization of American States, held in March 1954, the Government of Guatemala was indirectly accused of harbouring communist plotters on the American continent. At the same time responsible people and papers on the other side of the Atlantic were openly saying that the Guatemalan regime must be destroyed by force.

Here the question arises whether, under international law, the internal order of a state can be taken as a justification for aggression. I wish to emphasize that to intervention of that kind is allowed by international law, that it is in contradiction to the spirit of the U.N. Charter, and that an official protocol was attached to the London Convention, which says that internal conditions in any state, i. e., its political, social and economic order, the faults ascribed to its administration, or the upheavals arising from strikes, revolutions, counter-revolutions or civil wars can, under no circumstances, justify an act of aggression.

In the case of Guatemala this principle was openly violated. The new regime in Guatemala was formed in 1944, and it was only in 1952, after some of the untitled land belonging to the United Fruit Company, whose monopoly extends over several Central American countries, was nationalized, that certain circles began to say that Guatemala was a communist country. The London "Times" of June 21, 1954, wrote that the United Fruit Company was for Guatemala what the Anglo-Iranian Oil Company was for Persia; that its position had been threatened in 1952, and that its future would be decided by the outcome of the crisis.

This seems to show that Guatemala was attacked only because she had undertaken a number of economic measures to which every state has a perfect right. After all, the International Court of Justice, in considering the Anglo-Iranian dispute, ruled that nationalization was not forbidden, and the Draft Bill of Human Rights states that every nation is entitled to the natural resources in its own territory.

With the use of ideological slogans in justifying the aggression against Guatemala, a bad service has been rendered to the United Nations and to the principle that states with different social orders can peacefully coexist in the world.

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Finally, I wish to add that, during six annual meetings of the General Assembly, I had the opportunity to come in contact with the Guatemalan delegation and to follow their work. In my opinion the Guatemalan delegates contributed greatly to the work of the United Nations, particularly in the social, economic and humane fields. On the other hand, I do not consider that all Guatemalan foreign political moves were wise. On many occasions, especially after 1948, I found that the Guatemalan delegates did not show sufficient understanding for some — and in my opinion — just steps of the Yugoslav delegates in the defence of equality among states.

Today, writing these lines, while unhappy Guatemala lies defeated by her aggressors, I am convinced that consistency in the defence of the vital principles, including the right of peoples to self-determination and to sovereign equality among states, is for the utmost importance.

against Arbenz' powerful regime, and generally believed to have no chance. The impression now almost universally held in Guatemala is that the U.S.A. at that point moved cautiously in to guide affairs. There is still no direct evidence of this. But hindsight reasoning indicates that the U.S. General Intelligence Agency correctly appraised Arbenz' fundamental unpopularity and brutality, his army's unwillingness to stand up for him or for his Communist advisers, and Castillo Armas' capabilities. Circumstantial support for this theory comes from the known facts. Honduras openly granted bases to Castillo Armas, an act the U.S. could have stopped with a frown. Castillo Armas got money; the revolution must have cost well over 1,000,000 — perhaps as much as 5,000,000 dollars. He got airplanes; four F-47 fighters and two C-47 cargo planes. He also got expert pilots to fly them".



## Conditions for the Success of Mendes-France

THE coming to power of Mendes-France, the prime minister, is the result of the demands of the French people, who wish for a change of policy, and at the same time it is the result of disorientation within the governing groups, who have exhausted all their resources.

It is obvious that France welcomes the new government. After many years the French people feel proud, for the first time, of being governed by a statesman who is honest, daring and wise. Whatever happens later it is undoubtedly Mendes-France who must be thanked for a return to clear methods, to common sense and realism. He has decided to exchange the vague and abstract confusion in foreign policy for an orientation based on the real possibilities of the country. He wishes to set right the situation regarding the economic and social policy which is dominated by parasitism and a continuous lack of balance. In colonial policy he will try to start immediate talks instead of continuing the hysterical oppressive measures which have brought northern Africa into a state very near civil war.

We should, however, be reserved about judging the success of this new head of the French government because of the three reasons: first, M. Mendes-France has used all his trumps to bring about a truce in Indo-China; second, he has inherited a very difficult situation and third, his attempt is being carried out within a regime whose opportunities for evolution are very limited; and we must also point out that there is no real revolutionary movement in France to support this experiment and bring it to final success.

If they reach a truce in Geneva (which will be known before the publication of these lines), M. Mendes-France will have a year before him to carry out his economic and colonial policy. But considering to-day's international situation, the achievement of a compromise in the form of a temporary division of Indo-China, a division which could really be called so, will have a confused and uncertain fate. It means that China, Vietnam and France will accept such a compromise because of well comprehended interests, but it seems that the Americans and their friend Bao Dai are determined to make difficulties. The Russians, who were at first the most conciliatory, have taken a stiff attitude because they have no interest in the Indo-China problem. They will accept a compromise only on condition that it achieves two apparently contradictory aims: on the one hand an agreement with the Americans, and on the other hand a disagreement between the U.S.A. and their allies, England and France. In case they decide on a temporary division of Indo-China it will be essential to replace the country of Bao Dai in the southern zone (Kochinchin and south Anam) by a more democratic and peaceful state which will accept a peaceful coexistence, until the country becomes reunited. There is a national elite in Kochinchin, with socialist principles, which could organize such a new government.

After Indo-China M. France will meet an other obstacle — the European defence community. Everybody knows the American ultimatum. In spite of its initiators, it can only strengthen the enemies of E. D. C. As a matter of fact, France appreciates the friendship of the American democracy, but it does not mean that by signing the Atlantic pact because of the necessity to oppose Stalinism France intended to become some kind of American colony. Now, ever, at present, our country has in the person of M. Mendes France a statesman who will be able to solve the problem of European defence — just because he knew how to clear it from the hysteria, foolishness and tabu which have turned that problem into a cancer of the French crisis. When France starts again along the road of recovery, both the followers and opponents of E.D.C. will really be able to find a compromise solution. M. de Beaumont has already denoted the lines of such a compromise. During this temporary period, the national commission foreseen by the agreement can only take unanimous decisions. According

to this the integration, which a great part of France is afraid of, will be for some time put aside. There would only remain cooperation within the framework of the general staff, only armaments and common military schools. Fanatic followers of integration can only be comforted by transferring their energy first to realisation of a so — called integration within the political and economic plan, which might be more sensible. Undoubtedly the necessity will remain to review the question of the armament of Germany, however camouflaged it may be. Above all, it is desirable to put off such a difficult and dangerous decision. But in to-day's situation only a socialistic minority will reject any new rearmament of Germany on principle. We must, however, acknowledge that France, once better governed and having survived the present division, will be more capable of opposing this terrible eventuality.

As far as E.D.C. is concerned, everybody has his „preliminary condition“ for its realization, but the recovery of France is for Mendes-France not only his preliminary condition, but also his principle one.

Once the problem of Indo-China is solved and the difficulties concerning E.D.C. overcome, the recovery of the economic and colonial policy will remain as the main problem. In the economic plan we should expect a worsening of the situation: a loss of 800 milliard francs, and possibly the end of American aid, amounting to 400 milliard francs. It will be necessary, then, by means of fiscal reform, budget decreases, antitrust regulations, reform and distributions to limit all parasite sectors and strike out at privileged landowners and capitalist groups. Parallel with this it will be necessary to increase production and consumption by an enlarged plan.

As far as colonial policy is concerned, the reforms which should be carried out are known both in the economic and social plan. The real problem is not what Mendes-France will accomplish, but whether he will be strong enough to impose the solution which most of the French people expect.

It is well known, for instance, that in north Africa, the most turbulent part of the French colony, is permanently a state of unrest. M. Mendes-France knows this very well, and he knows, too, that some leaders of his own party are making now a divisional and colonial plot. It remains to be seen whether, in this situation, where the forces are balanced, he will have enough strength and authority to carry out his policy.

Finally, it seems that it is not only essential to make a new plan (everything has already been said in this respect by Mendes-France and others); the essential thing is to form a national force which will support the action of the government and give it an iron strength which will impose itself upon the factors of privileged capitalism and colonialism. To realise this we cannot count upon the „communist“ party, as long as it remains under Russian tutelage. On the other hand, the socialist party, revived and recovered, could play a decisive role. I must admit that I cannot understand the present attitude of some friends of mine in the French socialist party. This party, compromised by the governments who were in power from 1948 to 1951, lost half of its members through a policy which was not its own. Today, instead of increasing and enlarging itself, it stands aside and wastes time in discussing home troubles. It is true that Mendes-France is not a socialist — he is a kind of French Roosevelt. In social and colonial plans he sometimes reveals a certain lack of generosity which can even be rather reactionary. But the best off — set to this danger would consist of the active participation of the socialist movement, combined with independent action. This offers a special occasion for the revival of France and the strengthening of the working class movement. It might have happy consequences both for Europe and for the whole world. In this lies the significance of the success of Mendes-France.



## China today and the Revolt in Asia

CHINA has turned a page in history. It is the first time that such a significant political movement has evolved outside the Western frontiers, in spite of the twenty-five century — old conviction of the latter that it represents the sole embodiment of civilisation and progress. The reasons for so revolutionary a change are numerous. Five hundred million people are crowded in that part of the ancient continent, yet inhabit only the valleys and plains. The people are so densely crowded that they sometimes prefer living on the water because of the insufficient space on the mainland. The overwhelming majority of the people live on the soil and its products. Rich in the North this soil is exposed to searing droughts which alternate with devastating floods. In the South the climate is favourable but the soil is poor. Over — population prevails everywhere. The soil is exploited to the maximum extent, this being limited only by the use of human labour, very little animal power, and almost no machinery whatever. Production scarcely satisfies home demand. The slightest derangement of this precarious balance means famine and millions of dead.... Five hundred million peasants, five hundred million slaves, lived in the greatest subjection of Man to Nature and man to man. They were dominated by the privileged few who owned and ruled, and who acquired learning and culture. Chinese civilisation was their creation and reflection. Long ago China was the first nation as regards cultural and technical achievements, but suddenly she stopped developing. Scientists, merchants, and great statesmen appeared in the West. The 19-th century dawned, bringing Rationalism, science, technological progress and the young bourgeoisie in its wake. Contrary to Europe in full fermentation, China remained unchanged. Europeans and Americans arrived in China. Japan was westernised. In the Empire of the Sons of Heaven, however, new forces were being born. The twentieth century began.

### EVENTS IN RECENT HISTORY

The year 1911 marked the downfall of the empire: the whole system crumbled, anarchy reached its peak, a period of major unrest began, 1924: the Revolution seizes power: will the peasants govern the peasants? Will Marx replace Confucius? 1927: blood is shed on the streets of Shanghai one day, and the revolutionary movement loses its left wing: authoritative tradition seems to prevail again: what seemed to disappear has remained: oppressors and oppressed, sweated labour on exhausted soil, famine, floods and, a little later, war. With the exception of the emperor, everything seemed to have remained unchanged. However, World War II gave rise to new revolutionary forces who claimed that they would make an end to all evils. In their struggle against the government they conquered one part of the country and established a new society hitherto unknown in China, where the peasants ruled the peasants, and Marx replaced Confucius. One side of the scales rose, the other dipped. 1949: the pace of development is quickened, the nationalist government falls, 1950: the middle of the twentieth century, and the whole of China is under a communist regime.

This was the march of historical events during the past hundred years, which transformed the Chinese nation and which also changed the trend in Southern Asia. „Why shouldn't we do as the Chinese“, declared the Malaysians, Indonesians, Vietnamese and Burmese. This is why the whole of peasant Asia, and Southern Asia in particular, will perhaps turn another page in history.

### ASIA AND CHINA

It is therefore not an exaggeration to say that Asia as a whole will inevitably organise round China and gravitate towards her. The mainland, marine and air communi-

cations lead to her. Japan, which pretends to the originality of her civilisation, seems to have no other concern since the restoration of her sovereignty but the revival of economic and cultural exchange with China. This is best substantiated by the present difficulties experienced by Mr. Yoshida. The USA supported Chiang Kai Shek, not enough to insure his victory but still sufficiently to show their solidarity with the defeat of their protégée, and to champion his pretensions. If strategical considerations are borne in mind it is understandable why the USA hold Formosa and maintain the legend of the nationalist government. Korea is still China, having been her vassal for centuries past: is it not her fate to secure the necessary passage between East and West, between Japan and Manchuria, that Chinese industrial paradise? Vietnam and the Vietminh depend on the regime established in China. Upper Asia is the military stronghold of Central China, the territory which connects the Chinese desert with the Russian plains. The overseas Chinese are part of China herself in Indonesia and all shores of the Pacific. And finally was not Great Britain the Western power whom the Chinese Empire humiliated on the eve of the 19-th century, and which today argues that an economic agreement and legal recognition of the People's Republic of China does not necessarily imply identity of doctrine, and that the China of Mao Tse tung in not necessarily an enemy.

China has lived in a state of permanent crisis since the European influence accelerated the downfall of the ancient empire. For more than half a century China has been seeking to establish a state that would be capable of combining the industrial and administrative techniques of the West with the heritage of her civilisation. The Kuomintang failed in this respect, Communism marks a new attempt, which would even appear as an extreme form of westernisation at first sight. It rejects the organisational forms, familiar and provincial as well as the philosophic and religious ideologies of the past, more resolutely than its predecessors. But the example of Russia also invests it with a certain caution.

The followers of Mao Tse-tung seem to adopt all that is the most up-to-date in political practice and operational techniques. Communism enabled the Chinese who suffered so many humiliations, because of the material superiority of the West, to overcome their complexes, while Russian aid enabled them at the same time to begin the struggle for the advancement of their economy.

Another vital feature of the communist victory in China is that it has given rise to great hopes outside of China, thus sowing a seed which is capable of taking root throughout Southern Asia.

Consequently Mao Tse-tung is both a communist and an Asian leader. The question is whether Mao Tse-tung will be able to free himself from Soviet influence to the extent necessary to assume the leadership of a purely Asian movement. This appears to be one of the most important questions of our time. We think that many tragedies could be averted if the Asian problem were no longer be contemplated from the old colonial standpoint and if a more realistic approach were adopted where its strategic aspects are concerned.

### BRITISH POLICY IN THE FAR EAST

It is quite natural that the victory of Mao Tse-tung should lead to closer, almost organic ties between Peking and Moscow. But one might reasonably ask to what extent can these links be weakened? The British attitude is based on this assumption. „In the Far East Britain no longer wields the influence it did a few years ago“. This sentence, taken from a letter written by Mr. Bois, the French Ambassador, to Mr. Delcassé, is already half a century old. Great Britain spoke in an even more subdued tone twenty-five years later, when she stated her intentions to the great powers. We refer to the memorandum sub-



mitted by Sir Austen Chamberlain in 1926. At that time Britain was preparing to abandon her concessions, while continuing to develop trade exchange with China. From the time Lord Palmerston declared that the British trader in China must respect Chinese institutions, to the day Winston Churchill stated that „the cause of China is our cause“ the maintenance of Chinese independence constituted an unbroken thread in the pattern of British Far Eastern policy. Sometimes this thread neared breaking-point, i. e., when Great Britain was obliged to coordinate her actions in Asia with her European policy. In 1941 Great Britain refused to „sell China to Japan“. After the allied victory Great Britain retreated still further. To the USA was assigned the occupying of Japan and the uniting of divided China. Great Britain officially recognized the Mao Tse-tung regime, abandoned India politically, while keeping the latter within the sterling area. Britain further decided at the 1948 Imperial Conference that the Commonwealth should no longer be called „British“, thus practically renouncing the direct leadership of this community. At the same time, thanks primarily to the manoeuvres and decisions of the Dodge mission, the USA succeeded in ousting her from some of her traditional positions, and thus provoked a violent reaction in Lancashire because of the advantages offered by the USA to Japanese cotton manufacturers. Macartur did not conceal his contacts with Chinese lobbyists in Washington. At the same time, thanks due to the policy of thrift pursued by Sir Stafford Cripps, Great Britain restored her economic and financial independence, which enabled her to aspire to political independence. While not abandoning any of the basic elements of NATO Great Britain made it clear that she wished to take part in it as a fully fledged partner, and not as a Washington satellite. As Great Britain in exempt from integration in the European organisations her entry in the EDC is mainly symbolical and more a formal concession than a genuine association. The real nature of her policy is most clearly manifested in the Far East, as proved by the attitude of Anthony Eden at the Geneva conference.

Already since 1945, Great Britain and the USA have vied with each other in anti-colonialist proclamations. Britain abandoned India, Pakistan and Ceylon, while Malaya was granted a federation. In a world where the word „colony“ was heard more and more rarely, Borneo and the principality of the Sarawak, which were formerly protectorates, were invested with the status of Crown Colonies. Some dominions tacitly assumed the role of mediators: Canada between Great Britain and the USA; India between Great Britain and China. At the same time Great Britain wished to compensate her weakening influence in the Asia of the monsoons by a solidly organised and coordinated economic action which was initiated at the 1950 Colombo Conference. In this part of the world, in which the chief problem is likewise that of equipment and economic development, such an attitude could only result in a notable strengthening of the British position, all the more so as the policy pursued by the USA inevitably led to the loss of the sympathies and confidence of the Asian peoples in the USA.

#### UNREALISTIC ATTITUDE OF WASHINGTON

This is the crux of the American dilemma. While London and Paris consider the Chinese regime firmly established, Washington refuses to admit this obvious fact, and cherishes hopes in the downfall of Mao Tse-tung. London and Paris wish for a compromise in Indo-China, but Washington has remained adamant and demanded the total defeat of the Vietminh. The White House has overlooked the significance of the communist victory in China because they imagined that even in case she remained ideologically loyal to Moscow, China would hasten to appeal to the West for the reorganisation of her economy, and to the American surpluses for the compensation of her insufficient production. But American reserves cannot feed these starved masses, whose lives depend directly on agrarian reform, and on modernisation which can only be achieved by a regime whose political basis is unrecognised and considered inimical by Washington. From the time when Mao Tse-tung refused to sell his independence, the State Department refused to recognise him diplomatically, relying on Chiang Kai-shek and considering as an enemy a country which is not one and never intends to be one. The official report of the Judd—Chuch—Adair—Zablocky mission is clear enough: However imperfect the nationalist go-

vernment, it is in the interest of the USA to support it economically and militarily, and to defend at all costs its right to represent China in all international organisations. Communist China must in no case be recognised or admitted to international organisations of which the USA are a member.

This is a very serious matter, as such a policy of the Western powers (particularly the USA and France) provokes two of the most active forces of the modern world, nationalism and socialism, to revolt against them. Compromised by their policy, they are confronted by a revolt against famine and against whites, as the latter are considered, — not entirely without reason, — to blame for famine and misery. This revolt already numbers millions of people. These are not morkers who have risen against the owners of the means of production, but peoples belonging to an old and rich culture who were humiliated by Europe — the poor multitudes who rose against the protectors of the mandarins, and who feel the inability of their traditional governments to build up a modern state. The USA refuses to admit that a regime has been established in China which is politically linked with the Soviet Union, and which intends to develop its own production, without granting America the clause of „preferential treatment“ to which the latter attaches such great importance. America has put herself in an invidious position, as her technical potential and her economic requirements surpass the limits of her political influence. And it seems that this contradiction is invested with the most acute and dangerous forms in the Far East. America needs the Chinese market, but she rejects the Chinese political regime. This is the gist of economic expansionism, and what is commonly called the crusading spirit. This is all the more important as when faced by a choice between a former colonial country with a communist regime, and a former colonial country which has remained more or less feudal, it is the former which, — due to her economic orientation, — represents a more significant market. For the USA, the Chinese market is far more interesting than the Indian. Unfortunately, when faced with the choice between Mao Tse-tung and Chiang Kai-shek, the USA chose the latter.

#### REHABILITATION AND RISE OF NEW CHINA

For a century and a half, in fact after the decline of the Manchu dynasty at the end of the 18-th Century, China was a weak power, without a real and firm government organisation, and therefore represented a negative factor in the world balance of power. Since the victory of Mao Tse-tung she has represented an organised and strong military power on the international scene. It is true that this military power has not affirmed its reputation since the victory over Chiang Kai-shek. In November 1950, when the Chinese volunteers crossed the Yalu river, the Chinese army was only equipped with automatic weapons and light minethrowers, being almost completely devoid of armed units and airplanes. This army was poorly organised; in short, it was almost exclusively equipped with weapons seized from the Japanese and Chiang Kai-shek. Therefore, relying more on numerical strength than technical potential, Lin Piao resorted to the tactics of mass attack in Korea. Such a state of affairs required an urgent solution. In the autumn of 1950 the Sino-Soviet agreement secured a basis for the modernisation of the Chinese army with Soviet material as Peking desired, and which Moscow — in spite of certain reserves due to the tendency of Mao Tse-tung to maintain his independence, was forced to accept, in order to avoid defeat in Korea. Now the process of modernisation is in full swing, but while light weapons are being manufactured in China, (particularly in the Mukden, Hankow, and Chungking arsenals), heavy weapons and motor vehicles are still supplied by Russia. The situation in 1950 was vastly different from the present state of affairs; there are now 2,500,000 men equipped with modern weapons, 850 jet fighters, 100 IL28 jet bombers, and a squadron of Soviet type TU4 atomic bombers based in Hsih Sia Chuang, etc. There is no shortage of manpower, the only problem being the equipment of this vast army. It is here that political



factors play an important part, as in view of the present possibilities of the Chinese industry, heavy equipment and airplanes can be supplied exclusively from Russia, and it would seem that insufficient attention has been devoted to the recent agreement between Malenkov and Mao Tse-tung.

The aim of the communist regime is to convert China into a strong military and economic power, this being an extremely revolutionary undertaking for the Asia of the monsoons (with the exception of Japan, which necessitates a separate study). In view of the present polarisation of world power this goal can only be achieved if communications with the Soviet Union are improved. Only fourteen million tons of iron can be delivered annually via the trans-Siberian railway, and this quantity is insufficient. By the end of 1955 a new railway line will connect Ulan Bator with Peking, while another line which will transverse the whole of Asia in order to reach Chungking, the starting point of Yangtze navigation, is to be completed before the end of 1956. On that date the whole structure of the Asian continent will be radically altered.

We will also be confronted by the problem ensuing from the consequences of the events in China for the whole of the monsoon Asia. In this area the improvement of the living conditions of the awakened human masses depends directly on government reform, technical equipment and economic development. On the other hand, Manchuria should not be forgotten, not should the fact be overlooked that eight million Chinese live outside of the Chinese frontiers, in Manchuria, Mongolia, Sinkiang, Malaya, Thailand, Indonesia, the Philippines, Borneo, Burma etc., and that their economic and political significance is steadily increasing. This was formulated by Mr. Purcell in the following words: „Wherever they are, the Chinese trouble the governments by creating islands of Chinese nationalism.“ Thanks to its powerful influence, the Peking government dominates these communities abroad. An old proverb says: „The Chinese care little who owns the cow, provided it is they who milk her. We remember this proverb when we recall that Sun Yat Sen reproved his citizens for being like „scattered sand“. This was perhaps true at the time when China, devoid of a real state, was exposed to internecine struggle and civil wars. The victory of Mao Tse-tung changed all this and provided the Chinese world with a backbone (not only on the territory of China proper, but also on the entire Pacific area) transforming Peking into the hub of the yellow world.

This leads us to the conclusion that there are no proofs to convince us that the Soviet Union is the only power capable of helping China in her struggle for industrialisation. This is more a problem of international policy than technical cooperation. If the Western powers continue to treat China as an enemy, the latter will inevitably strengthen her ties with Moscow. If the Western powers show themselves ready to help her, Mao Tse-tung will act more as an Asian leader and less as a Kremlin satellite.

#### TRADE PROSPECTS WITH THE WEST

This is what the British have realised, and this is the impression we gathered personally, after the talks with Chou En-lai and the Chinese delegates at the Geneva Conference.

It is worth noting that Mr. Lai En Min, Deputy Minister of Foreign Trade, and Mr. Chin Chi Ang, President of the Chinese National Import Export Corporation, are

among the most active and important advisers of Chou En-lai in Geneva, and that the Foreign office and the British Board of Trade showed less reserve than at the Berlin conference. China needs capital equipment more than consumption goods. British industry is in a position to supply such material. The primary objective of the Chinese mission which visited London recently was to persuade the British to purchase the products of Chinese agriculture, in view of the fact that under — the present dispensation, ores and minerals, particularly tin and wolfram, are reserved for the Soviet Union. The Chinese also sought to prove that they have the necessary funds at their disposal, which certain London circles still doubt. Lastly, there is still the question of the embargo on shipments of strategic materials to China. This was stated by Mr Lai En Min several days ago and by Mr Kabanov a few months earlier, in connexion with Anglo-Russian exchange. The objective is the same: to oblige the British to arrange for the revocation of the embargo in Washington. At the same time, it seems undeniable that Mao Tse-tung wishes to affirm his independence towards Moscow. The Five Year Plan of Chinese industrialisation was based exclusively on Russian aid. The first results of this Plan were so disappointing that the director and initiator of the Plan, Kao Kang, the chief of Manchuria, was dismissed. Incidentally, Kao Kang was one of the most enthusiastic advocates of closer contact with Moscow....

Peking wishes to obtain the necessary means for the implementation of its industrialisation programme from the West, thus enabling the Chinese rulers to satisfy the expectations of the people on the one hand, and to alter their position of exclusive dependence from Moscow on the other.

Thus the crux of the problem lies in relations between the West and Peking. Until such relations are established on a basis of cooperation and mutual confidence it will not be possible to consolidate peace in the Far East, and Mao Tse-tung will have to act as a satellite of Moscow. If such relations are established, peace will be restored, and Mao Tse-tung will be the primary leader of Asia.

On the other hand this is impossible, unless the Western powers finally admit that the time of colonialism is gone forever. This is the other, no less significant aspect of the problem. The West, which has so far contemplated the Far East as a predestined land for overseas possessions and colonies, could now approach this region as a territory which aspires to life or, in other words, aid the Far Eastern countries in their efforts to ensure economic development, modernisation and education with no strings attached, i. e., without pretense to political domination.

The Far East has reached a turning point: it depends on the West which road it will choose in the future, i. e., whether it will choose the road of technical and intellectual progress aided by the West, and structural changes inspired by the communist doctrine, and which are not directed against the West, or continue along the road adopted so far with the exclusive support of the Soviet Union and, in this case, against the Western powers. World peace depends on this choice. China has placed herself in the van of Asian aspirations. World peace depends on our relations with her. Either China will regard us as friends willing to help her regardless of ideological differences, thus orienting the revolt in Asia in a direction which is incompatible with our views, or she will be forced to consider us as enemies, and in that case direct the Asian revolt against us.



## Economic Democracy

THE crisis of the classical, purely political, democracy of the bourgeois system became a subject of discussion as early as the end of the 19-th centry. However, in the period between the two World Wars this crisis became the subject of controversies of Political Science. Objective scientists, although holding opposite views, agreed that the chief deficiency of this democracy, and the reason it underwent a crisis, is to be found in the fact that it achieves just formal democracy, i. e., only formal equality and freedom of the people. Real equality and freedom is denied to them, remaining an unattainable ideal. The social, and especially economic inequality of the people, in spite of their legal and political formal equality, sharply divides men into classes. The minority is economically and socially, and thereby politically and legally privileged. The great majority is oppressed. The people are thus divided into a ruling and an oppressed class. Some people enjoy real democracy, i. e., they have the privilege of real self-government; they decide on State and social affairs. Democracy is denied to the others, owing to the very fact that it is enjoyed by the former. These others decide nothing but, in a more or less passive way, they follow the lead of the former class.

What is the essence of economic democracy, and why was it recommended as capable of solving the crisis of bourgeois democracy, viz., the crisis of democracy in general? If we analyse the problem of authority within a society we shall soon come to the conclusion that the purely political State authority is not the supreme State authority. Economic authority or power, which is outside political authority, is much more important. It has been noted, and this is a fact which cannot be denied, that, normally, political power is in the hands of those same people who hold economic power. Political power is only outward expression or an instrument of economic power. The economically oppressed are politically oppressed as well because they have neither leisure nor economic means to qualify themselves for the exercise of political authority. They are socially oppressed as well because they are unable to attain social distinction.

Economic democracy is, therefore, an economic system, i. e., a system of property over the means of production, in which economic power is enjoyed by the people, viz., by the majority and not by the minority. Such a system is non-existent in two-class arrangements which exist nowadays: in the system of private ownership the economic power is in the hands of private owners, i. e., in the hands of the owner class; in the state capitalist system such power is held by the State, i. e., by the bureaucracy which holds it on State's behalfs. If we analyse economic power itself we shall come to the conclusion that it is nothing but the power over that what is called surplus of labour (production) because the necessary labour must be used for reproduction. Power over the surplus of labour consists of the right to dispose of this surplus, viz., of the products, that is the right to decide upon their ultimate use.

Some attempts have been made to put economic democracy into practice. In theory, many and various systems of economic democracy have been worked out. It has been repeatedly pointed out that the chief advantage of economic democracy policy is as follows: the worker, i. e., the producer, has, within the system of pure political democracy, no economic power over the means of production because these are the property of the private owners (or the State). That is why the worker-producer is not directly interested in the productivity of his work, for in all cases only the necessary work will go to him. The surplus of labour will go to the others and that is why he does not take the trouble to find out whether there is any surplus, and how great it is. For that reason, the productivity of labour is small, and economic welfare is inadequate. Economic democracy, however, bestows the

surplus of labour on the worker-producer, who appropriates the aggregate product of his labour. This makes him anxious to produce as much as possible and his efficiency increases accordingly. Economic democracy, from a higher philosophical point of view, appears to be the embodiment of justice as conceived by Aristotle („giving everybody his due"). For the only thing which really belongs to man is the produce of his work — what he himself has created.

But what are the practical means of securing to everybody what he has produced and the disposed of his surplus of labour. In what way can economic power be guaranteed to the people, to the masses, to the majority, to the worker-producers themselves? Various systems of economic democracy try to solve this problem, but its solution is not at all easy. What makes the problem difficult?

The problem is that in a system of economic democracy, and that means in a system of social ownership, in a system in which private ownership is abolished and in which society as a whole, i. e., „the nation as a whole, should own, viz., should exercise the economic power. Two basic difficulties, in addition to many other minor ones, are apparent.

In the first place, there is the problem how to combine the economic power of society as a whole with the economic power of minor social communities and that of the individuals themselves, which are directly interested in economic authority. For, if complete economic power is given to individuals, i. e., to the workers or to their closer communities (to the enterprises, or to the cooperatives), leaving society without any economic power, then the system of private ownership re-emerges (although it is now co-operative ownership, or the ownership of working collectives). This is a negation of economic democracy. On the other hand, if economic power as a whole is given to society as a whole then, — owing to the fact that society as such cannot exercise economic power directly, but only indirectly, through its representatives — such a solution is bound to prove troublesome in two directions. In the first place, such authority is too far removed from the individual workers and from the communities of workers, from enterprises and co-operatives. The workers are not conscious of the fact that they have any power, which in any case they can exercise only feebly and indirectly. That is why their interest in production remains the same as it was in the system of private ownership — they have a feeling that they do not possess economic power. Secondly, this power is exercised by the representatives of society who are prone to misuse it, i. e., they are inclined to appropriate prerogatives that are not theirs. And thus the system of exploitation reappears, although economic democracy was called in to prevent it. It is evident therefore that the power of the society as a whole and the power of the individual workers, i. e., of their organizations which came into being in a gradual way, should be combined. It is, however, not at all easy to find a suitable combination of these two powers.

The other basic difficulty is to be found in the lack of capacity to exercise economic power within a system of economic democracy. It is easy to solve the problem when this power is exercised by a minority, by private owners or by bureaucrats. Thanks to economic power, which enables the minority to appropriate the surplus of labour, the said minority creates conditions favourable to its education, economic instruction included, which enables it to exercise economic power. The majority, the broad masses of the people, do not possess this education and have to acquire it. Without economic democracy, i. e., without economic conditions for the acquisition of this faculty, they are unable to attain it. But even the initial stage of economic democracy makes a certain degree of this faculty necessary. The modern proletariat has achieved this degree, but only in the field of basic principles. The problem has not yet been solved. It boils down to the task of combin-



ing expert wit „popular“ elements of authority. Experts are indispensable but it is also necessary to enable the people, the masses, to control the experts and to make the right use of them. This is the only way to prevent the experts from becoming the economic masters. It is also the only way to prevent bureaucracy from taking over power from the people. This means that it is necessary to find the dividing line between the competence of the people and that of the experts. But, it is not at all easy to do this.

The conclusion to be drawn from this is the following: if economic democracy is to be achieved, it is necessary that a certain amount of economic power should be exercised by the worker — producers directly, i. e., by the masses of the working people directly, and not by their representatives because otherwise the workers would not be interested in production processes. That is why the two concepts of economic democracy which criticize this power must immediately be dispensed with. The first such concept is based on private ownership being, allegedly, the essence of economic democracy, the other concept is based on State ownership.

Mises is the chief representative of the first concept. According to him, the whole modern world has become mad in its search for economic democracy. Economic democracy, says Mises, should not be looked for, it has been found already, — it is here. The system of private ownership is the real system of economic democracy because the consumers, i. e., the masses, are the real masters of this system. The whole economic system satisfies their desires and serves their needs. To quote Mises: „Each penny spent by the consumer is a ballot — paper“. On the contrary, those systems in which private ownership and free capitalism are not the ruling principles, are systems of autocracy because there the minority, through its power and planning, imposes its will on the mass of consumers. That is why Mises rejects Socialism.

However cleverly contrived, this defence of private ownership and free initiative, tantamount to economic democracy, has not been accepted, even by those who would like to see it generally accepted, because even they realize that it is unconvincing.

The second concept is quite apposite to that held by Mises. According to this concept it would suffice to abolish private ownership, to declare State ownership and the most complete economic democracy would at once come into being. For if the State is organized in a democratic way, i. e., if there is political democracy, then such a State will, in the exercise of the economic power, be democratic, expressing the will of the people, i. e., the State will be the chief instrument by means of which economic democracy will be attained. In theory, there are many arguments in favour of this concept. A State which practises democracy in the political field should practise it in the economic field as well. The practise of State capitalism has, unhappily, proved that too great economic power of the State, even if such a State is a democratic one, leads to economic autocracy because the bureaucratic elements are, even in a democratic State, very strong. Economic democracy cannot, therefore, be achieved through State ownership.

In spite of this, there is no doubt that the State must retain a large degree of economic power in every economic democracy, at least until the economic conditions are very considerably changed and production reaches a high level. This is so because the State is necessarily the most organized form of the social majority, and society as a whole, as we have already said must exercise a considerable economic power. The State will lose this position only when freer and more elastic forms of social majority come into being. On the other hand, the State offers an organized body of experts and bureaucrats (and this body is difficult either to disband or to disregard as long as experts are necessary). Finally, the State, as the holder of political power, is indispensable in the effective performance of many economic tasks owing to interests which are in conflict as a result of insufficient production. The problem is how to curb this economic authority of the State, which is necessary and which is, more or less, accepted by all — at least during a certain stage of development.

Various people propose different measures. Some people propose that the State should be restrained by means of Trade Unions which would control production. Other people propose that the State should be restrained by means of co-operatives and workers' associations, bestowing on these associations a kind of quasi-ownership. The third group of men lay special stress on consumers' unions and on their

organization. The fourth group of men, finally, would combine all the elements mentioned above.

The present practice is inadequate to serve as a guide in this respect. Our Yugoslav example, which is the most advanced in achieving economic democracy, offers an interesting solution which has proved feasible, although it does not pretend to be either final or perfect, or applicable to all possible cases.

The Yugoslav solution is as follows: a definite amount of economic power is given to the collective of workers in order to influence the economic organizations. In other words, economic power is given to those directly concerned, to the collectives of workers that were formed as a result of a natural and gradual growth — to the primary productive units — so as to enable the workers to become conscious of their own power. The supporter of the direct economic power of the masses, of the people, of the working people has thus been found. This holder of power has not been artificially created but is the natural result of economic development. This power keeps under restraint the economic power of society and that of the State, being, at the same time, curbed by these latter powers.

Society as a whole, viz., the State, exercises its power on several levels. The chief levels are: local „communal“ units (municipalities, towns and districts) and the State (member States of the Federation, and the Federation itself). In this case economic power is exercised by political organs — by people's council and people's assemblies. But when these organs exercise economic power, then special representative bodies of those same producers who are working in the basic productive organizations come to the fore; these are the councils of producers which are elected by the producers themselves in accordance with the importance of what is produced by them. So, even here, the organs of economic democracy are not the organs of political democracy but these latter are combined with the organs of economic democracy. This formula of economic democracy and its combination with the political factor deserves to be noted and seriously studied.

It might, perhaps, be remarked that the consumers deserve also to be represented owing to the fact that it cannot be denied that there are certain conflicting interests of producers and consumers (this conflict reflects itself in the fact that the producer wishes to sell as dearly as possible and the consumer to buy as cheaply as possible). It can be both claimed and denied that the consumer is represented by the State, viz. by local communities. The position of Trade Unions within the system of representative bodies of producers should also be studied, if these representative bodies are conceived as the representatives of the working class as a whole, contrary to a necessary dispersion of working collectives into their economic organizations. There are also sundry questions which deserve to be studied in order to reach a satisfactory solution.

The chief point is that a definite amount of economic power, conferred on the immediate producers by the Yugoslav system is a barrier against those attempts which might be made by the representatives of Society and the State, viz., by the bureaucrats acting behind the backs of these representatives, to institute State capitalism, i. e., a new form of exploitation, this time in favour of bureaucracy. A definite amount of economic power given to the collectives of workers is tantamount to giving these collectives the right to make use of a certain quantity of the surplus of labour, and this surplus may become the source of possible exploitation. It is evident that this amount of power should be rather considerable in order to put an effective restraint on the power of Society, i. e., of the State, or rather their representatives and the bureaucrats who stand behind those representatives. On the other hand, as already mentioned, this share of power should not be too great either. For the immediate producers may unwittingly — in the final analysis, contrary to their own interests — use the surplus of labour, if the part given to them is such that they are not experienced enough to use it wisely, being insufficiently instructed in the economic laws of this disposition.

And finally, where will economic democracy lead us? Is it capable of leading to a free Society in which there will be no exploitation, no oppression and even no State? Such an outcome will be possible if, in the exercise of the power (and in the development of conscience), the immediate producers reach a stage in which they dispose with the surplus of labour in its totality, and if they willingly put at the disposal of smaller and greater social communities those resources which are needed by them — coming, in this respect, to an agreement with other producers.



# PARLIAMENTARY LIFE

Gustav VLAHOV

## Child Welfare and its Further Development

THE World Congress for Child Welfare, organised by the International Union for Child Welfare, in cooperation with the National Council for Child Welfare in Yugoslavia, will be held in Zagreb at the end of August and the beginning of September of this year.

The very fact that a congress of such significance will take place in Yugoslavia means that our country has become important in the field of Child Welfare, and the results achieved here in the field of social work receive every day greater international approval.

Child Welfare holds one of the most important places in the framework of social welfare in our country. In a short time very much has been done in this field. The achievements can only be fully realised if one takes into account the vast amount of ruin and devastation caused by the invader in our country, and also the fact that the little that was done by private initiative in old Yugoslavia was destroyed.

Even during the war, in very difficult moments, our military units, and especially our young government took great care of children and gave them efficient help. It was necessary to safeguard a great number of children of fallen fighters and victims of fascist terror after the end of the war. Under those conditions, when family economic and other problems were not yet settled, the quickest and most efficient way was to open as many homes as possible to shelter the children. In the post-war years the number of these institutions increased very rapidly and in 1951 we had 1,966 homes with 174,899 children, our country being among the most advanced in respect of this form of Child Welfare (in 1939 there were 254 such institutions in Yugoslavia, with 18,533 inmates). In special hostels there were 214,286 children and young people in 1951 (the maximum year). School and milk canteens have also played an important role in securing and helping children and families; there were 5,508 of such institutions in 1951, and they supplied 807,144 children and young people with a hot meal. There were strong legal foundations for practical and comprehensive Child Welfare at that time. Together with the basic law concerning the relations between parents and children, other bills were passed, such as the bill on guardianship and adoption, the bill on social insurance of workmen and employees and their families, as well as many decrees which elaborated in detail the various forms of Child Welfare and laid strong foundations for its further development. Together with the development of different forms of child Welfare the community has given to the workers families and other groups of citizens considerable direct and indirect help in the education and upbringing of their children. The basis of direct family help is the institution of children's bonus.

The introduction of a new progressive economic system concerning the economic and social development of our country, including particularly the strengthening of the economic and social position of families and measures respecting changes in the system of Child Welfare were put on the agenda. It was necessary before all to encourage families to take advantage of Child Welfare, and to give help in the upbringing and education of their own children. Our system of children's bonuses has played a positive and important

role. This supplement has been a practical and efficient instrument in affording a real basis for the proper upbringing of the children and of insuring them proper training. It is natural that some children and youth institutions have reached their chimax regarding their number and capacity, and in some cases the number has gradually decreased, and it follows that the number of the institutions has also diminished. This decrease was very important in our circumstances: it led to a normal state of affairs, and only the institutions which were really necessary were kept on. We must take into account that all institutions, without exception, were budgeted for, though they were not really necessary and were not enough used. This process of decrease, because of a misunderstanding of the real necessity, was the reason for closing some very essential institutions. On the other hand, the large funds needed for children's bonuses exhausted considerable sums of the national income and prevented the community from keeping any extra money to develop other forms of Child Welfare. The more the local community develops, the more the institution of children's bonuses will be appreciated. As the children's bonus is one of the highest forms of Child Welfare it may hamper the other forms which are closely connected with different problems of social welfare, such as the position of the mother in working relations and the strengthening of the economic basis for the participations of a large number of women in the social and economic life of the country, etc.

To-day the local community has to solve a set of problems which were formerly solved by the republic and federal authorities. These problems ask for different forms of solution. Under such circumstances our system of children's bonuses cannot cover all forms of Child Welfare, and on the other hand it sometimes gives protection where it is not really necessary. The system of children's bonuses should be closely connected with a number of compulsory measures for protecting mothers and children. Such measures are very necessary, because, though child mortality is decreasing day by day, it is still far from the satisfactory. Our children's bonuses should be closely connected with the compulsory medical examination of mothers and children, thus forcing them to obey the basic rules of hygiene. These hygienic and cultural customs will be gradually transferred to other people, which will improve living conditions and decrease the death rate.

With the children's bonuses as a basis to cover only the essential necessities of children, communities should introduce, according to their needs and finances, and individually according to the economic situation of the families, greater activity in the field of Child Welfare, and institute a number of additional bonuses. The communities should also introduce other forms of indirect help to families.

These additional bonuses should be first given to children of fallen fighters and victims of the fascist terror. The other form of additional bonuses would include orphans, and then families one of whose parents is permanently disabled, or is absent (permanently ill, doing his military service, has died etc.). After that bonuses should be given to families with defective children (blind, deaf, mentally



backward, physically defective etc.), who need quite different treatment from normally developed children. A special form of children's bonuses should come into consideration to stimulate the education of children. There might be many other forms of special bonus whose introduction would depend upon the urgency and actuality of a particular problem in a given local community.

Indirect protection to children and families shows itself in many and various forms, such as school and milk canteens, crèches, children's parks and nursery schools, children's hostels and many other institutions which can give considerable help to children and families.

There is a special branch of Child Welfare comprising various kinds of protection for expectant and nursing mothers.

The direction of the further development of Child Welfare which we have already gradually and cautiously approached, consists of the consideration of a whole set of groups of mothers and children who need social aid for the regular education and upbringing of children. The amount of such help depends upon the financial condition of the receiver, and this, together with the basic family bonus, is the basis of our Child Welfare.

Beside the group consideration of some categories of beneficiaries, it is essential to deal with individual cases as far as possible, because they constitute those groups. This form of action was not so urgent in the past, as we had before us other, more pressing tasks. In such circumstances the only right way was the solving of the larger problems, which would efficiently include the greatest number of interested persons who needed help.

Comprehensive welfare measures have been carried out in this direction. But in doing this it proved necessary, not only to make differences between various groups of

beneficiaries, but also to follow up and solve single cases on the basis of group protection, and as a part of it. This action is assuming wider proportions every day and corresponds best to the great interest and activity of our citizens in solving the problems of social security, and specially in solving the problem of Child Welfare. Problems of Child Welfare and the means of carrying them out are such that they can only be solved successfully if the competent local community deals with them. They arise on the spot, there they become a problem and there they should be solved. In the local community these problems are hygienic, social and educational, and they can be solved completely in the community itself. For a successful solution of these problems on the basis of an efficient development, many different forms of Child Welfare, with the corresponding material means created in that very community according to their needs, are necessary. The total sum of these financial means to cover the essential activity in the field of Child Welfare should not surpass the money spent on Child Welfare in 1952 or 1953. It is necessary to make a new redistribution of this money to supply the funds for Child Welfare.

The other factor in the successful solution of the task of Child Welfare with the active cooperation of the citizens, is the training of special cadres. Every day there is a greater need for such people, and they are gradually being trained (our first school for social workers in Zagreb has worked successfully for two years).

The development of Child Welfare has proved to be, not only a part of social welfare, but above all a part of social and economic development in general. That our system of Child Welfare and our social workers deserve appreciation is indicated by the fact that the World Congress for Child Welfare is to be held in our country.

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# ECONOMIC PROBLEMS

Radoš STAMENKOVIĆ

## The Roads of Neo-Liberalism

IT is almost three years now since new views on economic policy and its basic instruments began to be shaped in the western countries. At first these views were expressed rather cautiously here and there, but later they developed into definite and coherent ideas — new inasmuch as they differ from those that prevailed in the first post-war period and to some extent in pre-war years. It is as yet difficult to say whether, or to what extent, these ideas will be applicable in practice, but one thing is certain: something has fundamentally changed in the economic and political attitude of the leading countries. Political changes in Great Britain and the United States have marked a turning point in this field; and its significance cannot yet be fully grasped.

Responsible official circles and expert economists do not now speak as much as they used to about full employment, economic development or new forms in international economic cooperation. Until only a short time ago, these ideas, as guiding principles in the economic endeavours of the United Nations member-states, seemed to have taken a definite hold on the post-war world. They were fully emphasized in the United Nations Charter, not as platonic wishes but as definite obligations of the states. Now, instead of insisting on these aims, praises are being sung to private enterprise and free competition — in both national and international proportions. Belief in the automatic adjustment of economic forces, and in progress based on such adjustment has been revived and the bitter experience of the thirties forgotten. Trends in economic thought have definitely changed in favour of a return to the principles that were universally accepted until 1929. It is, however, still difficult to speak about a new wave of liberalism, because even the most ardent supporters of the „Laissez faire“ attitude acknowledge that it is impossible to get on without the services rendered by the state. The term „neo-liberalism“, therefore, which has already won a place in the contemporary political vocabulary, seems to be more adequate. The state, it is true, has its place in all the different variants of the essential neo-liberal idea. But that place is now much more modest, and has fundamentally changed.

Objective developments in the last few years seem to have helped to strengthen neo-liberal ideas. After a somewhat complex but short period of tension in the first of the Korean conflict, there followed a longer period of stable trade, in which fluctuations of more or less a harmful character were caused chiefly by conflicting movements of commodity reserves. The various shortages of the first post-war years gradually disappeared, and defence expenditures supplied a firm basis for sound industrial activity. Western Europe was rapidly recovering, and with American off-shore orders, the dollar reserves of the entire region increased. Employment and production stood at a high level both in Europe and America. Western Europe's position in world economy was constantly improving, and the equilibrium of international trade was steadier than before.

Many people took this to be the result of a return to orthodox principles in economic policy and the restrictions imposed in 1951, during the general inflationary pressure. The drastic rise in rates of interest — which was the first measure of the Conservative Government — probably had some influence on Britain's balance of payments. But then,

the whole world economic situation was improving, so that the Conservatives were in a much more favourable position than the Labour party before them. The main pressure of the jump in world prices had to be borne by the Labour Party — at a time when they were engaged in applying a broadly conceived policy of full employment, which in itself demanded great efforts in improving the balance of payments. This unexpected pressure from the world market could not but create a difficult situation. Meanwhile, the later developments came as an advantage to the Conservatives. It is true that they took over a very unfavourable balance of payments, but a change for the better had taken place in the raw material market before they came into office, and from that autumn terms of trade were certainly beneficial to the industrially developed countries. Accordingly, no one can say how much the Conservatives' deflationary policy contributed to the improvement of Britain's financial position, and how much that improvement was due to the play of circumstances.

The practice of reintroducing the old interest rate policy, which began in 1951, seems to have taken firm root in a number of countries. In Western Germany, Belgium, Holland, France, Great Britain, Denmark, Finland and even in Sweden, the country with a traditional policy of easy money, official rates of interest have been repeatedly raised and lowered in the last two years. This, naturally, does not yet mean that the rediscount rate of the central banks in those countries has again become the main means of influencing trade movements, but a flexible credit policy has become an important lever of economic activities in a number of countries.

At first sight, the revival of this flexible credit policy does not necessarily appear as a particularly significant step. For, after all, this policy is only an instrument for adjusting monetary reserves to the needs of economic life. However, considering pre-war experience and present neo-liberal ideas, the whole matter appears in a somewhat different light. First of all, it is largely a question of a balance of power between the banking circles and the state. For although the banking circles and the state can co-ordinate their activities, it is by no means immaterial which of them controls the economic levers. Roosevelt had quite a lot of trouble until he persuaded the Federal Reserve Board to cooperate, and once people with broad ideas entered that institution the banking system became the instrument of a definite state policy. It was not surprising, therefore, that the Chairman of the Board of Governors of the Federal Reserve System greeted the new agreement of March 1951 by saying: „This agreement marks a turning point in the history of banking“. And indeed, the change was not an insignificant one.

The new agreement between the Federal Reserve System and the Ministry of Finance abolished the obligation of the Reserve System to buy offered state bonds in unlimited quantities. With that the right to determine the volume of credits passed to the Federal Reserve Board, and it is this body which now decides whether, when and how much of state securities the Reserve System is to buy and so expand the volume of credits. It is noteworthy that this agreement was concluded just before Truman's term of office expired



and that it logically corresponded to the ideas put forward by the Republicans, thus preparing a way for their economic policy. For according to what President Eisenhower said in his State of the Union Message in January this year, the fundamental aim of his Administration is to create favourable conditions for private savings, and that is what would be most beneficial to the interests of financial capital.

Although between May and July 1953 the Federal Reserve System had to intervene on the credit market by buying 1.2 milliard dollars worth of state bonds, and by decreasing the percentage of the obligatory reserves in liquid investments, there can be no doubt that this intervention was caused by factors which were beyond the power of the leading banking circles. The credit pressure, felt already in the winter and early spring of 1953, threatened to bring about dangerous fluctuations in industrial productions, which, in the final resort, might have hit financial interests. In this respect, as a report of the President's financial advisors says, American business circles, being accustomed to the earlier policy of easy money, had not yet adapted themselves to the new credit arrangements. However, the intervention on the credit market was in contradiction to the basic ideas of the new policy, the aim of which is the eliminating of the inflationary tendencies in the American economy.

Here one cannot but wonder what logical idea of this anti-inflationary policy is — that is, who is to profit and who is to lose by it.

As is known, Keynes used to defend his ideas of low interest rates by pointing out the contradictions between the interests of industrial and of financial capital. Low rates of interest at a given percentage of profit would act as a stimulus to industrialists and, at the same time, as an incentive for greater investments, and so increase overall employment. Hence, the state was to exercise constant pressure on rates of interest by pursuing a liberal credit policy.

There is some truth in this. First of all, it is true that the interests of the financial circles lie in hard money and, secondly, that industry, if dependent on financial capital, can be very sensitive to changes in the rate of interest. Keynes's analysis, viewed in the light of present relations, does not give satisfactory results, since it presupposes industry's dependence on the banks. Considering the similarity of banking and financial interests in certain economic branches and the fact that many large industrial concerns are today practically independent of the credit market, the problem becomes a little more complex. The structure of the post-war financial sources for industrial investments in the United States presents an interesting picture. It shows that large corporations can almost finance their investments alone, so that they cannot be said to be dependent on the money market to any appreciable extent.

Investments		Sources of credits <sup>1</sup>	
		(Period 1946—1953 in milliards of dollars)	
Buildings and equipment	149.7	Non-distributed profit and depreciation allowances	143.2
Accumulation of inventories	44.1	Foreign sources long-term	52.0
		short-term (net.)	—1.4
Total 193.8		Total 193.8	

The facts, we see, show that the neo-liberal policy is not harmful to large concerns, but only to medium-sized and small establishments, which are dependent on the money market for financing their current production and investments. Above all, it hits the establishments working with marginal costs of production, since changes in the rate of interest, even if smaller than 1%, may jeopardize their very existence. The report of the economic advisors says that the number of bankruptcies in the spring, before the intervention in the credit market, was much higher than in the corresponding period of earlier years, although trade at that time was fair and all economic activities on an upward trend.

The significance of the anti-inflationary policy does not stop at this. It hits financially weaker companies and sharpens competition, merely because it forces marginal establishments to lower their production costs. And this completes the first part of the deflationary programme. Its second part involves the volume of employment.

<sup>1</sup> Bis. Twenty-fourth annual Report.

In their programmes the neo-liberals devote much attention to the development of economic activities and private enterprise. Their programmes are not mere intentions, but real plans of action which are already being applied in practice. In 1953 Belgium increased depreciation allowances; and in Great Britain a certain part, of the profit made by new establishments is not subject to taxation. The excess profit tax has been abolished in Great Britain, Sweden and the United States. Holland has decreased tax rates which burden large companies, and similar measures have been taken in Western Germany concerning rates the companies pay on distributed profits. These programmes, however, do not say anything about the role of the state in maintaining full employment. What is more, opinions are being voiced that full employment is a source of inflation, and that it acts as an obstruction to the sound development of competing forces.

In the autumn of 1951 the attitude of the Swedish trade unions, though essentially different, supplied some strong arguments to the supporters of neo-liberalism. A committee of the workers' trade unions had expressed its fear that with full employment there could be no effective means of preventing inflationary trends, unless by direct administrative measures. But seeing that such measures are undesirable because they limit the freedom of individuals, conditions should be created under which increases in wages would really raise the living standard of the working masses. This conclusion was, in essence, correct, but, in the present struggle between labour and capital, which is often screened by the conflict of inflationary and deflationary tendencies, it can be wrongly interpreted.

The attitude of the American Government towards the question of employment seems to be much clearer today than it was eighteen months ago, for it was formulated partly by statements of some responsible officials and partly by the stand the Government took towards the decreases in industrial production in the last months of 1953 and in the first quarter of this year.

In his January State of the Union Message, Eisenhower said that one of the basic conditions for effective adjustment of economic activities lay in a „reasonable measure of stability in the over-all level of employment“. Not in the greatest possible level, but in a reasonable level of employment — two different things. For the term „reasonable“ can have quite different meanings, depending on how and when it is used. Probably the reasonable level of employment would in a neo-liberal anti-inflationary policy be such as would not make demands for higher wages dangerous. According to the postulates of the orthodox theory, increases in wages received by the workers employed in the consumer goods industries can be allowed only in proportion to the increases of labour productivity. But who is to decide the matter — employers or trade unions? In any case one thing is clear: the greater the level of employment the greater will be the demand for labour power, and the trade unions will be in a better position to negotiate with the employers, and vice versa. And it is this that explains the hostile attitude of the neoliberals towards full employment, or, as it is now termed, over-employment.

Considered in this light, the anti-inflationary policy can be said to be directly useful to financial capital. Further, it does not hit large concerns, but threatens financially weak establishments, decreases the level of employment, and weakens the position of the workers in negotiations with the employers.

In view of this it will be easier to understand the calm attitude of the American Government and leading economic circles towards the developments in American industry in the second half of last year. While the outer world followed with a great deal of concern the falling of the American index from 137 in July to 126 in December and to 123 in March of this year, responsible American circles remained calm. They were not even perturbed when the total number of unemployed jumped from 1.2 to 3.7 million. As the well known British economist, Balogh, said in a recent article,<sup>2</sup> the trump card in the hands of the Republicans was „confidence“ — and the trick succeeded. And really, powerful banking and financial circles displayed full confidence in the new policy. The value of commodity reserves — the important factor in trade — was decreased by about two milliard dollars in the last few years, but apart from that nothing of importance happened. What is more, the total index of industrial activities was, in March this year,

<sup>2</sup> Is U.S. ahead for a Slump, The New Statesman and Nation, July 10, 1954.



17 points higher than in last July and August. The fact that the number of unemployed is today approximately three times greater than in the most favourable months of 1953 does not seem to give much trouble to the Washington experts. In fact, it seems to be more profitable to give assistance at a lower level of wages than to maintain full employment with increased wage rates. For, should a new boom period occur again, the reserve army of labour would act as an anti-inflationary buffer against the demands of the trade union organizations.

Neo-liberalism is not only a definite system of economic policy. It is rather an ideological conception based on confidence in the power of private enterprise and in the infallibility of the orthodox principles of political economy. It is the ideology of those who have never been able to reconcile themselves to the fact that something has changed in the world during the two and a half decades. True, the problems in the post-war period presented themselves in a very different way than in the ten pre-war years. In broader proportions and complexities of form, they might be compared with those from the years 1918 to 1925. With the exception of a brief period in 1949, the problem of markets did not play any significant role in the first post-war years. And when the first difficulties began to be encountered in the market, the political situation in the world had changed. The world entered a new and convincing period of prosperity, because all the earlier problems

— as far as Europe was concerned — were largely overcome. The last two years were a period of transition from tense trade to a more normal state, accompanied by increasing financial liquidity and improvements in the international balance of payments. In this period the situation of relative shortages gave way to a state of harassing abundance.

For those who have never wanted to accept the changes that have taken place since 1929, this was a proof that private enterprise could prosper even without assistance from the state. True, the United States state expenditures in 1953 were equal to approximately one fourth of the gross national product. But, to the great relief of the supporters of private enterprise and the free play of economic laws, more than 60% of those expenditures were spent on defence. And defence expenditures are not in contradiction with private enterprise and do not represent an obstacle to the „sound“ development of free competition. The supporters of neo-liberalism are, no doubt, aware of this. On the one hand, therefore, they reject the state as an undesirable regulator, and, on the other, they approve of it as a suitable instrument, on condition that its support acquires a form of spontaneous activity which is made possible by the world developments. Here we shall quote Professor Balogh again: „Only an increase in defence expenditures seems psychologically feasible; and with it the support for a „tough“ line against the Communists increases.“

Vlada MILENKOVIC

## West European Economic Integration

THE European Coal and Steel Pool is, for the present, a unique phenomenon of State Capitalism in the system of international economic relations. The Pool does not confine itself to the participation of States in the management of one industrial branch — it is a new international body which is the recipient of a part of state sovereignty in the field of production, investment, price and foreign trade policies. In view of the importance of the Pool, a fraction of State sovereign general economic policy is being transferred to this Pool. The metallurgic industry included in the Pool has remained a national industry — ownership of the means of production has undergone no changes, i.e. these are owned by private capitalists, unless nationalized (coal mines in France). The Supreme Board is responsible for the management of this industry. A new form of socialization of productive forces has emerged in accordance with the post-war tendencies of the State Capitalist development. There are some differences between the Pool and private monopolies. To what an extent these differences will develop depends upon the actual forms of action of the Pool. The private capitalist basis which formed the basis of the Pool at the time of its creation is already in conflict with the trend of the Pool's development. A dilemma will ultimately ensue: the social forces within the Pool will grow in strength and the private capitalist interest lose in importance, or else the present form of State Capitalist management and control of metallurgy in Western Europe will be transformed into a supra-national State capitalist monopoly. The „Financial Times“ was conscious of this alternative when commenting on the session of the Advisory Council of the Pool: „Is the Schumann Plan really an organization of a new type in which the real power, in accordance with the wishes of those who have established it, is vested in the supra-national body, or are we, as some circles claim, dealing with a new form of the traditional international cartel agreement, equipped with a complex political supra-structure?“ This may be exaggerated. The real fact is that the two tendencies are in conflict — one working in the

direction of achieving more power for the High Authority in accordance with the spirit of the Treaty, and the other running counter to this tendency.

### EUROPEAN PAYMENTS UNION

The European Payments Union (EPU) is another organization serving the needs of integration. It began to operate in the middle of 1950, at the time when the aggression in Korea took place. It is now in its fifth year of operation and, judging by all the evidence, this is its last year of work in its present form. That is why its problems are primarily interesting from the point of view of the results achieved up till now.

The functioning, methods and ways of work of the EPU were closely related to the balances of payments of the member countries. The balances of payments of these countries were, during this period, especially in the 1951-1952 period, exposed to violent fluctuations. EPU in its relatively short life, has suffered several crises and that is why its working methods have been subject to frequent and substantial changes in the fields of relations between debtor and creditor countries; in credit operation; in the safeguarding and increasing of working capital; in measures aiming at the improvement of the situation of those countries that were in trouble about restricting imports; giving up liberalization etc. The EPU resources and the unfavourable balances of payments of a great number of member countries, primarily in their relations with the dollar area, set a limit to EPU intervention.

The European Payments Union was planned to be an instrument for the provisional regulation of payments among the OEEC countries, organized in the form of a mutilated clearing agreement. It was planned to serve until favourable conditions for multilateral trading and for convertibility of currencies were created. This meant practically speaking, until the foreign exchange and commerce restrictions were removed, until the stabilization of curren-



cies and an adequate level of their mutual convertibility were reached.

The establishment of EPU meant the creation of a separate monetary and payment area; the currencies of the member countries have become, thanks to EPU, mutually transferable although the foreign exchange and trade restrictions have remained. Through Great Britain, EPU has become a trading power of the Sterling Area, ceasing thus to be an institution confined to Europe only (Members of EPU, together with the Sterling Area, make up two-thirds of world commerce, the Soviet Bloc and China excluded). The importance of EPU to its member countries is to be found in the fact that 50 to 80% of the foreign trade of each of the member countries is carried on with other members of the Union. The members of OEEC control 2% of the world commerce (1953).

#### THE FUNCTIONING OF EPU

The preamble of the EPU Agreement quotes the aims of EPU as follows:

To make the liberalization of commerce in goods and services easier; to remove discrimination; to help the efforts of the Member countries to become independent of foreign aid;

To help Member countries to attain and to maintain a high and stable level of trade and employment; to achieve financial and economic stability;

To supply the Member countries with those resources which are capable of performing some functions which gold and foreign exchanges usually perform, enabling these members through the improvement of their position within EPU, to increase their foreign exchange and gold reserves;

To create such a payment system as to permit desirable trade specialization; to facilitate the return to multilateral trade and to the general convertibility of currencies.

A possibility has been created (on the basis of total trade among the Member countries) to make cumulative adjustments through EPU. There was no more need to adjust the short-term fluctuations in intra-European trade within the framework of bilateral trade agreements. The limits of credits extended to the debtor countries by EPU, viz., of the working capital loaned to EPU by creditor countries, were set by quotas which, for each country, amounted to 15% of its foreign balance of payment, taking 1949 as a basic year.

The sum of the quotas of all the countries represents the sum of credits and loans of which the debtor countries could make use through EPU, i. e., the limit up to which EPU could borrow from the creditor countries. The amounts of credit and debit balance set a limit to the system of adjustment of credit and debit balances. This system was based on progressive scales for repayments in gold and on regressive scales for the use of credits. This, in practice, amounted to the following: the more the debit balance of a country, in comparison to its quota, was increased, the greater the part of its debit balance which has to be covered by gold and dollars; the greater the credit balances of a creditor country in comparison with its quota, the greater was the amount of gold and dollars which such a country could obtain. The greater the debit balance the greater the obligations in gold and dollars, thus reducing the possibility of that country to make use of credits.

Within these limits, EPU has secured the transferability of the currencies of the member countries. EPU has become, therefore, a kind of instrument for the regional convertibility of currencies. The EPU unit of account is an "EPU" unit, equal in value to the USA dollar — in fact, the American dollar. The working capital of the Union was made up of 350 million dollars from the Marshall Plan, 314 million dollars from American Aid appropriated to cover the deficits of structural debtors (Austria, Greece), 100 million dollars from the obligations of Member countries to repay their debts, should the need arise.

#### CREDITS AND THE LIBERALIZATION OF IMPORTS

The credit system was the basis of EPU operations. Credits were used to adjust short-term deficit in the foreign balance of the Member countries. EPU was expected, by making use of the appropriate measures, to keep credit transactions within reasonable limits and to increase the

amount of mutual trade so as to keep the equilibrium at the highest possible level.

Before, EPU was established, the organization for European Economic Co-operation (OEEC), adhering to the policy of financial, economic and commercial co-ordination as a means towards integration, began to pursue the policy of liberalization of imports. This policy included "the abolition of quantitative restriction of imports of those goods covered by the liberalization policy, abolishing the existing import quotas, automatic import licenses and foreign exchange permits". It was planned to achieve liberalization in instalments: to begin with the liberalization of 50% of the private imports (imports of the State organization not included), to proceed to 60%, and to 70% by the beginning of 1951 etc. At the beginning, all sorts of goods were eligible for liberalization. Each country was free to make a choice of goods subject to liberalization. This method was later replaced by the method of common lists. It was considered that this was an essential element in a joint and non-discriminatory trade policy.

Both these instruments, i. e., credit policy and liberalization, formed an inseparable whole, being conceived as necessary elements for the establishment of multilateral trade and currency convertibility. The winding up of EPU was to indicate the attainment of a state of equilibrium in West European economy, of the adjustment of balances of payments and the disappearance of foreign exchange and foreign trade control measures.

#### INCREASE OF CREDITS GRANTED AND DIFFICULTIES ACCOMPANYING LIBERALIZATION POLICY

The actual outcome differed greatly from the expected developments, influencing both the functioning of EPU and the process of liberalization. Both these instruments were at that time subject to the changes brought about by the Korean war, by the armament policy, by the cold war and by other causes. The balances of payments, which even before that were not in a state of equilibrium, suffered an acute crisis — especially as regards the dollar region. The Union was able to function only by means of a more liberal credit policy. The progress of liberalization was very frequently halted and the imports restrictions from the dollar region have remained in force.

The credit capacity of EPU depended on a small number of creditor countries which were willing to export their capital in the form of credits. In this way EPU ceased to be the instrument for adjustment of short-term fluctuations and became an institution for granting short term and medium-term credits. If the creditor countries had not asked for the payment of credit surpluses 100% in gold, EPU would not have been able to survive the 1951—1952 period of crisis of the balances of payments.

Under these conditions, the work of EPU was characterized by a critical state of its working resources, by the increase of debit balances with the creditor countries and by the increase of credits granted to the debtor countries. That is why the original quotas had to be increased (from 4,110 to 5,310 million dollars) in the form of supplementary quotas, special credits granted to the Union etc.

This process can be seen from the following schedule, presenting the movements of the working capital, loans and credits of EPU:

#### Working capital Loans Disbursed Credits Granted (in million of dollars)

VI—1950	350	164	169
XII—1951	217	788	843
XII—1952	373	1,120	1,020
XII—1953	475	1,366	1,166
V—1954	540	1,391	1,131

At the beginning of this year, three-quarters of the total credits were granted by West Germany. It has, therefore, become the leading creditor country of the Union.

West Germany ceased to be a debtor and suddenly became a creditor with the EPU. This change is characteristic: its deficit in November 1950 amounted to 185.4 million dollars; in March 1951 to 457.7 million dollars; in December 1951 it showed a surplus amounting to 31.4 million dollars; in December 1952 to 366; in December 1953 to 801.7 and in May 1954 its surplus amounted to 1,051 million dollars. The



group of creditors (in order of the magnitude of their surpluses) was made up of the following countries: West Germany, Belgium, the Netherlands, Switzerland, Sweden, Portugal etc. The group of debtors was made up of the following states: France, Great Britain (60% of the total deficit went to these countries), Turkey, Greece, Italy, Norway and Denmark.

The process of liberalization was also not a continuous one. It is true that now there are no longer great disturbances (with the exception of France and Turkey) such as characterized West Germany (1950—1951) when it had to suspend liberalization; Great Britain which, in November 1951, restored imports restrictions; France which, in 1952, suspended the liberalization to which it is again gradually resorting. West Germany not only quickly liquidated this disturbance but, since last year, has been one of the countries which are most speedily pursuing the process of liberalization. France should, by the end of this year, reach a 75% liberalization (which in April of this year amounted to 52%). Great Britain, too, only in April of this year increased the rate of its liberalization to some 80%. The balances of payments of a great number of countries are such that they do not guarantee the stability of the liberalization already achieved.

In addition to this, the rate of liberalization varies greatly as regards the individual categories of goods, the state on July 1, 1953, being as follows: total liberalization amounted to 70.3%, that of raw materials to 73.6%, of finished products to 71.1% and of agricultural products to 61.1%. The process of liberalization is lagging behind in the field of agriculture owing to the strong State intervention in the agriculture in all the countries of Western Europe, and to the separation of its agricultural markets from the world market. The smallest percentage of liberalization of imports of farm products was in Austria (35.3%) and Great Britain (58%). In addition to this, the imports of these products are, in many countries, in the hands of organizations which are under State control. They are, therefore, considered to be State imports and as such not subject to liberalization.

#### RESULTS ACHIEVED BY EPU

The main results of EPU are to be seen in the increase of mutual trade among the member countries. If we take 1950 as a basic year (1950=100) this trade reached in 1952 an index of 107 and in 1953 an index of 108. This increased trade was brought about by the increase of credits granted. But it also resulted in a threat to the EPU and in a growing conflict between the debtor and creditor countries. Within EPU the countries were grouped into two camps having quite opposite interests. The attempts of the creditor countries to catch their demands as quickly as possible, in gold and dollars, did not meet with success. The reason is to be found, among other things, in the fact that Great Britain too belongs to the group of debtor countries. Debtor countries have been successful in hindering the contraction of the credit basis of the Union.

The monetary reserves of the members of EPU have been increased. The greatest relative increase in gold and dollar reserves was recorded by West Germany. At the end of 1950 it possessed foreign exchange reserves amounting to only 266 million dollars. At the beginning of 1954 its reserves amounted to 369 million dollars in gold, and to 1.768 million dollars in foreign exchange.

The present liberalization position is deemed to be comparatively favourable (with the exception of France, Turkey and Iceland). In other countries of EPU liberalization is from 65% (in Austria) to 100% (in Italy). The greatest number of countries liberalized imports at the scale of 80—90%. An undesirable phenomenon to be observed, however, is that in the majority of countries liberalization was followed by a change in customs tariffs, viz., in the increase of tariff rates, which are again becoming the chief instruments of trade policy, replacing quantitative restrictions. The imports restrictions from dollar area are also still in force.

The significance of EPU in the consolidation of the Western European situation cannot be denied although it should not be exaggerated. It cannot be claimed that all the Western European countries have achieved the minimum level of equilibrium and, still less, that the equilibrium

achieved by them may be treated, in view of the general economic situation of the world, as a long-term phenomenon.

According to the ideas of those who created EPU, it should have led to a situation conducive to its liquidation. Although such conditions were not created by EPU, because the problem of balances of payments is still an unsolved one in many countries of the Union, EPU is, notwithstanding, facing its liquidation, at least in its present form. This liquidation will take place when the most developed countries of EPU, i. e., those countries with a relatively favourable balance of payment, embark upon the convertibility of their respective currencies.

#### THE LAST YEAR OF EPU'S WORK

The creditor countries on several occasions brought under discussion the problem of the further existence of EPU. The situation was especially critical last year, when it had to be decided whether EPU was to work for another year. The creditor countries, especially West Germany, wanted to see it liquidated. West Germany was no longer ready to extend credits to the other countries through the Union, and it wanted to cash its claims as soon possible in order to credit and finance its exports to other parts of the world. That was the situation in the middle of this year. But, in spite of the pressure exercised by creditor countries, it was decided to prolong the work of the Union until July 1955. At the same time great changes have been made in the structure of the Union's balance.

Credit and debit balances with the Union have been cleared to some 80% (about 900 million dollars). This amount has been transformed into medium-term credits repayable within 7—10 years — the mode of payment to be agreed upon by the creditors and debtor countries. One-fifth of this sum was paid in cash (in gold, dollars or other convertible currencies which the creditors were ready to accept) using an adequate part of the working capital of EPU (100 million dollars). This operation is reminiscent of that conducted at the beginning of EPU's work, the process being a reversed one. When EPU was established, the gross total bilateral deficits of the member countries amounted to 844 million dollars. One part of these loans (525 million dollars) was consolidated through bilateral agreements, and 319 million dollars were transferred and liquidated through EPU accounts. This time the cumulative net deficit with EPU had to be consolidated. Although EPU will be able to continue its work, its liquidation in the present form is still on the agenda, owing to the fact that a certain number of countries intend to adopt the principle of the convertibility of their currencies.

The convertibility of the currencies of West Germany, Great Britain, Benelux and some others will lead to a new division, from the currency and balance of payment point of view, of Western European countries into those with convertible currencies and those with no such currency. The establishment of a new institution, the European Fund for short-term crediting, has been proposed. This institution would, in fact, be a new form of the European Payments Union. The establishment of this institution was proposed in order not to allow the countries with non-convertible currencies to resort to bilateral agreements; in order to prevent countries which are adopting the convertibility of their currencies from limiting one another, and in order not to allow their convertible currencies to remain non-convertible as regards the countries with soft currencies. This new institution would perform the task of a link between these two groups of countries, enabling them to pursue an unfettered and united commercial policy. The working capital of the new institution would be made up of the rest of the EPU working capital, supplemented by the contributions of individual countries, so as to reach, as now estimated, a total of 500 million dollars. This shows that payment relations in Western Europe, owing to the economic position of certain countries, are not yet such as to favour an arrangement without recourse to particular and extraordinary instruments which help the process of integration. This however, is not a specifically Western European problem. It is not a regional problem and therefore cannot successfully be solved on a regional basis. These considerations, however, lie beyond the scope of this article and appertain to the complex problem of ways and means of international economic co-operation.



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# ART AND CRITICISM

Miodrag STAMATOVIĆ

## Publishing and Translating Activities in Yugoslavia

A large number of our publishing enterprises, which are chiefly engaged in the publication of fine literature, are devoting constant and careful attention to modern and old Yugoslav authors. Their activities are not only limited to this field, however, as they have also published a great number of works by foreign authors on a vast range of subjects. Although it is evident that a comprehensive system is still lacking in this respect, all told, they have still succeeded in representing the literature of almost all nations.

When a year or so ago a foreign review conducted a poll among its readers as to which works of world literature they considered the best, and when the numerous replies were sorted out, fourteen works of truly great artistic value polled the greatest number of votes. When we compared this list with the translations published in our country we were satisfied to note that only one work from this list was absent.

During the past few years our publishing houses not only drew deeply from the treasure of the cultural heritage of many nations, which has now become the common property of mankind, but also kept pace with contemporary literary activity, having translated many of the most recent works, many of which will doubtless occupy a prominent place in the history of world literature. In 1950 alone, 510 translations were published in the field of fiction, poetry and drama (novels, short stories, poetry, essays) with an output of 3,107,000 copies, and 462 translations with a total of 2,480,000 copies in 1953. The 1954 programme plans over 600 editions, of which a considerable number appeared in the first half of the year, so that an imposing number of literary works have become available to book-lovers, either as reprints or as first editions.

As a detailed survey of all the works translated and published in the FPRY would require a great deal of space, we shall only list a selection of names from the literature of various countries and thus give an outline of our publishing activities in the field of translations. Without pretending to quote names according to merit, we recall that the following writers were translated in this short period: Pushkin, Lermontov, Tolstoy, Gogol, Turgenev, Byelinsky, Herzen, Dostoevski, Gorky, Bunin, Mayakovski; La Bruyere, Racine, Stendhal, Hippolyte Taine, the Concourt brothers, Flaubert, Voltaire, Rousseau, Madame de Sévigné, Hugo, Balzac, Baudelaire, Benjamin Constant, Zola, Daudet, Maupassant, Marcel Proust, Romain Rolland, André Gide, Roger Martin du Gard, Louis Goullou, André Maurois, Henri Barbusse, Montherlant, Charles Fournier, Jean Cassou, Claude Avline; Shakespeare, Thackeray, George Eliot, Jane Austen, Thomas Hardy, Shelley, Joseph Conrad, Galsworthy, Aldous Huxley, Priestley, Cronin, Irwin Shaw; Goethe, Schiller, Heine, Rilke, Thomas Mann, Stefan Zweig, Kafka, Theodore Pluvier, Remarque, Feuchtwanger; Ariosto, Manzoni, Ugo Foscolo, Ignazio Silone, Alberto Moravia, Aldo Palazzeschi; Servantes, Lope de Vega, Blasco Ibanez, Garcia Lorca; John Knittle, Charles Ramu, Melville, Theodore Dreiser, Bret Harte, Henry James, Carl Sandburg, John Steinbeck, Thomas Wolfe, Faulkner, Hemingway, Pearl Buck,

Erskine Caldwell; Nassume Sosseki; Jakub Karasmanoglu, Halid Zia Ushakli, Mahmud Makal.

These data clearly reveal the vast contribution made to our cultural advancement.

The present number of foreign classical and modern works published in Yugoslavia shows a marked increase as compared to pre-war publishing activity. Although the world classics were translated in quite a number of editions before the war, many important works have been reissued during the past few years, while some, of no lesser value but not known to the broad reading public, were published for the first time. Modern authors are today much more widely translated than before the war, and there is often a very short lapse of time between the appearance of the original and its Yugoslav translation. Serbia heads the list of publishing and translating activities, with the greatest number of publishing houses, closely followed by Croatia, Slovenia, Bosna and Herzegovina, and of late, Macedonia.

Many objections, many of which were entirely justified, were voiced by our public in connexion with our translating and publishing policy. It is said that all literary trends and all periods have not been adequately and proportionately represented. It is quite understandable that the Greek and Roman classics, for instance, should be less translated than the later writers, but the disproportion is still inordinately great. From year to year the works of Aristotle, Plato, Epicurus, Petronius, Anacreon, Pindarus, Catullus, Virgil, Horace, Ovid and others remain a unfilled item on the programmes of publishing houses. This state of affairs is primarily due to commercial considerations, which play a very important role in this respect, but it is also partly owing to the lack of a sufficient number of good translators from Latin and Greek. The novel, the short story and the essay are best represented, as there is a steady demand for such works on the book market. The small number of poetry translations, however, is immediately obvious. The new translations of Shakespeare's dramas and Ariosto's „Orlando Furioso“ as well as translations of Racine, Shelley, Carl Sandburg, Garcia Lorca, Whitman and some others undeniably constitute serious achievements and successes, but it is no less a fact that our translators seldom try their hand at poetry, and show a marked preference for prose works. It is true that, in addition to a profound knowledge of both languages, translations in verse require much painstaking effort as well as considerable talent for the successful transposition of great foreign poetry into our language. A comparatively small number of our authors and poets are however, engaged in translations of this kind, and it is hoped that they will be more successful than others in offering the best poetical works of other peoples to our reading public.

When speaking of the classics it should be noted as a positive fact that such works are being published with increasing regularity thus enabling our public to obtain a full and comprehensive insight into their art. It is time that certain enterprises should initiate the publication of the complete works of some classics, as this would enable a more systematic and comprehensive picture of world literature as a whole, within a comparatively short time. We



must admit that so far some well known works have been published in several editions, while many others are still untranslated and are therefore only accessible to a small number of readers who speak foreign languages.

Modern world literature is represented by a series of translations which, generally speaking, offer a comparatively faithful reproduction of what is best in modern literature. In view of the fact that quite a number of publishing enterprises have embarked on the intensive publication of foreign writers, and after an objective and thorough analysis of these publications, it is obvious that the majority of the works published is really on a high artistic level, and that there would have been a notable hiatus without them. Our older and well established publishing houses mainly publish leading foreign authors. Such a policy is the result of well considered long — range programmes which are drawn up in conjunction with literary councils and well known Yugoslav writers, who are fully versed in literary events throughout the world.

It is a fact, however, that a comparatively strong flow of foreign literature of questionable value invades the book market. Nobody has anything against a book with a light entertainment value which can amuse the reader without having an uneducative and harmful effect, but translations of decadent literature in our socialist society should not be found side by side with powerful and sound literary works. Some enterprises are tempted by commercial interests, and without much sense of responsibility or self — criticism proceed to fill the shopwindows with works of questionable value, which represent badly the literature of individual nations. A real race has been initiated between publishers in the issuing of new editions of „Gone with the Wind“ by Margaret Mitchell, while „Rachel“ by Daphne Du Maurier is advertised as a book of exceptional value, together with such works as „Wild Canyon“ by Emilio Salgari, „The Power of Fear“ by Anthony Armstrong, „Broken Arrow“ by Eliot Arnold and other works by third class writers, without which our literature would have been much better off.

Apart from this, another objection which is often heard among our public, i. e., that our publishing houses follow the line of least resistance even when good authors are in question, and translate all the works of some of them, although it would be quite sufficient to present these authors to our public with a selection of their best works, is no less justified. (For instance the following works by William Faulkner were published in the comparatively short time of two years: „Light in August“, „Intruder in the Dust“, „Sanctuary“, „The Bear“, and „Knights Gambit“, while a similar course was followed with Hemingway, Remarque, Pearl Buck, Caldwell, etc.)

Such a state of affairs is not only due to business reasons, bad taste and irresponsible suggestions. Our publishing activity would doubtless be more satisfactory where modern writers are concerned if the question of royalties did not involve special financial difficulties. That is to say, the publishing houses are obliged to buy foreign exchange for the payment of these royalties on the free market, which is doubtless justified, but which nevertheless results in the higher price of the book translated. It is therefore often the case that priority was given to those works whose author consented to receive payment in dinars and spend the money in Yugoslavia. If such a solution was not reached the whole project was often abandoned, and a work of lesser value published instead.

It is obvious in any case that our bookmarket is flooded with a large quantity of good and mediocre foreign literature and that it is necessary to establish a measure of control in our translating and publishing activity. Closer connexion between publishing enterprises which often engage in rivalry, better coordination of their programmes, a less hurried pace of the translating and publishing of foreign literature, will gradually lead to the elimination of the undesirable phenomena cited above. The work of the recently established Association of Yugoslav Publishing Enterprises can also greatly contribute to this cause, its primary objective being the correct orientation of the publishing policy of each republic.

*Dr Hugo KLAJN*

## Modern foreign Drama in the Repertoire of Yugoslav Theaters

**I**N this article we shall deal chiefly with the repertoire of the Belgrade theaters since the liberation, for what we see in this most important Yugoslav dramatic centre reflects faithfully enough what is going on in all other Yugoslav theatres. In Belgrade, as everywhere else, the modern Soviet drama which predominated at first began to give place to modern Western drama, even before Yugoslavia parted with the Cominform.

It would be wrong to think that this was solely for political reasons. Even before 1948 the Yugoslav dramatic artists received the Soviet drama with some hesitation, and always placed the Russian classical writers (Gogol, Ostrovsky, Chekhov and Gorki) before modern Soviet plays. Lovers of the drama, the public as well as the critics, with the best will in the world tried hard, but without much success, to discover qualities of real art in these plays while none of the latter aroused the enthusiasm that was shown during performances of Ostrovsky or Gorki („The Enemies“, „Yegor Bulichov“ with Milivoje Živanović in the title role) — Gorki being simultaneously a classical and a modern writer.

Although the works of Gorki are, of course, still on the repertoire, the modern Anglo-American dramas produced so far, outnumber the Russo-Soviet plays. Among

the first Western plays to be performed, besides Galsworthy's, was „They came to the City“ by J. B. Priestley and „The Little Foxes“ by Lillian Helman. These were followed by other works by the same authors (Priestley's „The Dangerous Curve“, „The Inspector calls“ as well as „Since Paradise Exists“ which did not remain long on the repertoire; Helman's „The Children's Hour“) as well others, both English (Shaw, Rattigan, Coward) and American (Miller, Williams, Rice).

Most of these plays met with an excellent reception, for example „Death of a Salesman“ in which Miller depicts American life as seen by a rundown and dazed victim of capitalist exploitation, exhausted by his struggle to support his family; and now Miller's „Witchhunt“ (The Crucible) is in preparation. The audiences also saw with interest Williams' „The Glass Menagerie“, presenting with great feeling the misery of poor people, but also poetically showing the helplessness of a warped life in an atmosphere from which sunshine and air has been banished. Yet the theatres have not made up their minds to put some other of Williams' plays on the stage. The reason for this hesitation should be sought in the different attitude shown by these two authors to what they present in their works. This is also confirmed by the poor interest shown by the public



in Steinbeck's „Of Mice and Men“ performed by the newly-formed Zagreb Art Theatre: here too, sympathy is shown for an idiot — a dangerous sympathy, glorified, enveloped in an aura of apparent humanism. I think such facile and unreasonable sympathy is alien to our audiences.

Lighter plays are far less numerous. In this genre Rice's „The Dreamer“ is attractive because of its scenic and technical qualities, as well as its comical and satirical elements, and even „Baby Mine“ by Margaret Mayo found an audience here — as a rare exception — for that shallow and diverting „bedroom farce“ which draws much larger audiences elsewhere. It may be said that the most prominent place in the present repertoire is taken by the serious American drama which contains a genuinely artistic presentation of life, without perversions to pander to the tastes of those looking for „light entertainment“, to meet the needs of political propaganda, or to support any theories or slogans, whether social or humanist. This, of course, does not mean that our people, are indifferent to humanism or socialism — on the contrary they are very sensitive to these ideals. And just because they mean so much to them — much more than slogans and propaganda — and because experience has taught them to be wary of fine words and high-sounding phrases, they cannot tolerate the present high-sounding phrases, they expense of truth. A drama directed against the progress of mankind could not stay long on the Yugoslav stage; and this would apply to the American drama too — if Miller's statement made in 1953 were quite correct — namely that since 1920 this drama has been, from year to year, „a document of the futility of human effort“. The fact is that this statement is correct only up to a point. Neither is it a fact that all the dramatists, Miller included, believe in futility, nor that the prominent works of all those authors who profess it impose this belief on the readers. These writers perhaps emphasize this provisional and sometimes only apparent futility of noble efforts just because they feel that these efforts should not, and could not be futile in different circumstances.

Of the English works, too, we can mention only one exclusively entertaining play — Coward's „Blithe Spirit“. Apart from Priestly, the most frequently performed English playwright was Shaw, that writer of „plays with an antithesis“, who, wishing to prove the erroneousness of a generally adopted belief, constructs his characters and situations so artfully that they present a perfect picture of relations between living persons. Of his works, „Mrs Warren's Profession“ and „Candida“ had a better reception than „Androcles and the Lion“, probably because of the stylistic unvarnishedness and the varied components of the latter performance. Rattigan's determination in favour of life, in his play „The Deep Blue Sea“, scored a great success, not only to the excellent production of the work as a whole, but especially to the principal female role, which was interpreted in Belgrade by Nevenka Urbanova.

In comparison with the Anglo-American drama, other dramatic works occupy very little place. An undeniably interesting performance — that of a Chinese play, Hsung's „Lady Precious Stream“, was certainly an asset, but rather because of its exotic character than as an important dramatic experience. Nor did the poetic quality of the Spanish Garcia Lorca reach its full expression on our stage. French plays were performed somewhat more frequently. But despite the fact that there existed previously a group of Serbian surrealist, closely linked with the French surrealists, and that many of our intellectuals were under the strong influence of French culture, modern trends in French dramatic literature, Sartre for example, failed to arouse much interest among those entrusted with the drawing up of our repertoires, nor did other French playwrights, so popular in other European countries, succeed in winning our public.

As an exception we mention Salacrou's „The Nights of Wrath“. Despite its uneven technique, which is perhaps a reflection of Salacrou's broken and intricate line, and his wanderings in looking for the right path into the future — this play won the audiences. It won them above all by its attitude, (which, it is true, is not quite resolute and consistent), against „peaceful“ non-interference, in favour of wrath, against the fascist brutes and against those who help them out of weakness, and sacrifice their nation's interests and the dignity of man to their own selfish interests

and those of their families. Other plays by Salacrou, such as those depicting the disintegration of the bourgeois society, and the personalities in the „Isles of Lenoir“, did not attract much attention.

Nor did the plays by Anouilh. The revival of his „Traveller without Luggage“ a Pirandello construction played in Belgrade before the war, in which the hero, finally leaving the cell of a lunatic asylum, takes up his abode in the almost abandoned nest of a rich family without relatives, that, is in a sanctuary where he will enjoy all privileges without being tied to social obligations — these not very brilliant fireworks of fantasy and spirit failed again to fire the spectators. A light touch of frivolous self-derision, so French and so much in Anouilh's style with which the writer tried to mitigate the astringent taste of his dramatic feast — the scene with the boy-heir looking for the W.C. — was left out, as the performers had not the courage to present it. Nor was Anouilh's „The Thieves' Ball“ any more successful, although it was abundantly spiced with frequently bizarre sometimes amusing inventions, in a spirit of light fooling. Modern Italian and German achievements have not been put on the Belgrade stage so far, and neither have the works of contemporary Italian followers of Pirandello's idealistic and subjectivist concept, according to which truth is always exclusively subjective, — nor have the works of the modern revivalists of German expressionism.

In order to achieve a better understanding of the Yugoslav repertoires and the success of the performed plays, we should bear in mind the composition and demands of our public. In modern drama it demands above all a bold approach to current problems as well as a true-to-life depiction of characters and the conditions under which people live. It shows enthusiasm at the sight of an unwavering humanist attitude, of sincere efforts to achieve progress, of brotherhood among nations and races; hence it will accept not only the Paton-Anderson poetical presentation of South-African relations in „Cry the Beloved Country“, but also much weaker plays, such as „Deep are the Roots“ by Goa and isso. It is cautious about the exoggeration of misery, about the poetizing of poverty and helplessness, physical and spiritual — it feels that such things call for suppression or healing, and not for solicitous nursing. It is mistrustful of hushing up, of escapist attitudes towards „uninteresting“ basic questions of today and of „interest“ in psycho-pathology and crime; hence it will receive with reserve such play as „Of Mice and Men“. It is wary of the productions of either naive propagators of pseudo-social, „progressive“ tendencies, or of cunning champions of reactionary tendencies, and will look for a tendency whose root lies in the basic experiences of the author, imbuing the whole work. It admires unsparing criticism and honest determination such as it finds in „The Little Foxes“, and welcomes sharp satire, not only in „Mrs Warren's Profession“ but also in such plays as Hecht-MacArthur's „Title Page“, in which several bitter truths were said about the gangsters of the pen — true, more in a tone of raillery than accusation. It has no understanding of the glorification of death, such as one meets in West European and American drama, especially since the economic depression and strengthening of fascism, and is happy when the will to live triumphs over the desire for suicide, as in „The Deep Blue Sea“. It is displeased when painful and tragic things are mocked at, and has no inclination to indulge in „entertainment for entertainment's sake“. For this public, the theatre is a serious affair, an artistic picture of life, and a component part of its efforts to realise what it has set itself as an aim in life.

A considerable section of the audience consist of a new public — of peasant or worker's origin — which had no close contact with the theatre until after the liberation. These would probably find contemporary domestic drama closest to them and most easily understood. But this drama is too limited and to a certain extent too undeveloped to meet their demands. In the works of the classics these theatre-goers find replies to general and vital life questions, which they accept with deep understanding and genuine feeling. The Soviet drama did not fulfil their expectations. What the theatres demand for the present, is to be found above all, and most adequately expressed, in the plays of certain progressive English and American playwrights.



# BOOKS

Aleš Bebler:

## „Travels in sunny lands“

**C**OLLECTION of travel articles with a refinite literary accent, Bebler's „Travels in Sunny Land“ was written without literary pretensions, without the intention to provide any kind of encyclopaedia and least of all to be taken as a political handbook. And yet it is all three to a certain extent: a book happily uniting all that can interest readers who wish to learn more about those remote and sunny countries with which many are unfamiliar. But even those for whom Balmont, in his „Sunny Visions“ was able to conjure up a lyrical picture of Mexico, to whom Albert Londres presented Dakar in the impressive style of a great reporter — will find in Bebler's Mexico and Dakar new and interesting pages. It might be said that the author's ambitions went no further than this: it is indicated by text itself and by the wide range of material, which has been collected and set down simply and clearly.

Perhaps it would be best to start this review with the lines written towards the end of the book — in the chapter, entitled „Travelling in the Heat“ which may be taken as an explanation of the motives which prompted a professional diplomat to resort to pen and paper during his frequent travels (sometimes made „with the speed of the wind“) in distant climes to describe the scenes witnessed and impressions experienced.

„Between the Tropic of Cancer and the Tropic of Capricorn extends the torrid belt of the Globe — where people see the sun at zenith and walk in their own shadow... In that belt lies the greater part of Africa, Arabia, India, Burma, Indo-China and Mexico, all the rest of Central America and a large part of South America, as well as Malaya, Indonesia and the Philippines, and a considerable part of Australia — the northern part.

As far as I am concerned I would like to travel again through that hot belt, I would like again to see those countries and visit all those in which I have not yet been. I have a boundless love for them. I love the heat of the sun, I love the deep blue of the sky, I love the dark green of the jungle, I love the people that live there.“

These lines need not have been written. Putting Bebler's book on the shelf and taking stock of his impressions, the reader himself could not fail to

realize the love of the author for the remote sunny lands and the people living there. The eagerness with which he tries to learn as much as possible about the past and present of those countries, the admiration he shows for their ancient cultures, the sympathy with which he describes meetings with ordinary people of America, Africa, Asia — give the book an impressive human accent and a humanist character which are perhaps its greatest qualities.

During his travels Bebler was chiefly interested in four things: nature, often exotic, always rich and picturesque, full of surprises for the visitor, especially a European; the history of the ancient peoples, often dramatic, full of secrets but also providing explanations of the present; art, the achievement of a centuries old civilizations, always characteristic of the aspect of a country and the psychology of its people; the people themselves, their life, aspirations and hopes. This may be a rough outline, but it indicates the four basic threads woven into the fabric of this book.

Historical notes, made briefly with that sense of proportion which indicates that the author is aware of the limit beyond which these very interesting data may become very tedious, are woven in the texture of the whole book. Travelling through the USA the author could not but refer to its history in order to find explanations for many typical American phenomena which he encountered. Thus in Saint Augustine, the first Florida city he visits, he immediately notices four flags fluing on the governor's palace: Spanish, English, French and American. This briefly sketched picture of historical significance served to frame his presentation of this land of flowers and birds. In Lisbon he was surprised by the high living standard which he found in this southern country — „which appeared to me a mild variant of Spain“. He found an explanation in its history, which gave him an opportunity to set down several lines on Manuel I, the Happy, and the Portuguese colonies. He writes very feelingly very feelingly about the „first new, Latin-American nation which freed itself from European domination“ — Haiti — about the leaders of its national revolution „the Negro slave on the farm of the French colonizer, Toussaint L'Ouverture and another Negro, Dessalines, who, in 1804,

in front of the Port-au-Prince chapel, proclaimed the independence of this country off whose shores Christopher Columbus cast anchor for the first time in American waters. The history of Mexico from the Aztecs, Emperor Montezuma, the conqueror Cortez and the interventionist Maximilian, down to the revolutionary Zapata and the dictator Diaz — full of dramatic elements — provide an occasion for a series of historical reminiscences, frequently anecdotal in character, finely woven into the picture of this country, which left one of the strongest impressions on the author.

„Mexico, the land of volcanoes. Silent, quiet, dignity, but with an internal intensity, hidden forces, deep-seated passion. Passion for life, for beauty, for happiness, for struggle. Here nothing is light-hearted, superficial. All is earnest, ponderous, dramatic, often tragic. Passion is concealed, sometimes lying dormant for ages. And then it breaks out with elementary force, suddenly, unexpectedly. It has created works of value and beauty such as are seldom to be found among other nations. A part of our heart, a considerable part, will remain for ever in Mexico“.

In Mexico, Burma, India, Pakistan — in these cradles of ancient civilizations, Bebler, evidently enraptured, but restricted by time and travels, wanted to learn as much as possible about the inexhaustible artistic wealth which sprang on the soil of these countries. So we come to know Bebler, not only as a great lover of architecture but also as an expert. His descriptions are not only beautiful but also useful.

But what — as we have said — lends special value to the „Travels in Sunny Countries“ is surely the sympathy of the writer towards people „who live in houses made of reeds, straw and palm leaves in Mexico and Senegal, in Haiti and in Burma“, towards people who know nothing about „electricity, books, doctors and postmen“.

„What I love best are men, their poverty and patience their pride and hopes, their efforts and struggles“ — says Bebler in one passage. And he asks himself why some live in abundance and prosperity while others barely subsist in poverty? „Are things to continue this way, even though legitimately, with some people living in poverty and others in abundance? Have we not arrived at a point when men as a whole, just because of their knowledge of the laws of development, should master these laws and turn the course of history in such a direction as will benefit all sections? Has the time not come for the democratic forces in the world to stop the flow of riches from the poor countries to the wealthy parts of the world and, finally, to turn this flow in the opposite direction, so that the whole of mankind may enjoy the fruits of the present stage of technical development.“

And his reply, given at the end of „Travels in Sunny Lands“, could not have been otherwise:

„In our opinion, that time has come.“

P. Kozarčanič



# CALENDAR OF DIPLOMATIC AND SOCIAL EVENTS

## EVENTS OF THE MONTH

July 1-st

— President Tito received the Trieste Liberation Front Delegation with whom he had a friendly conversation.

July 2-nd

— The first session of the Economic Section was held in the Secretariat for the Balkan Agreement in Belgrade. Essential questions regarding future work were discussed at the session.

July 3-rd

— President Tito received at Brioni the President of Chicago University, Mr. William Benton.

July 4-th

— President Tito congratulated President Himenezza on the national holiday of Venecuela.

July 6-th

— The chief of the Yugoslav delegation which participated in the work of the mixed commission in drafting the Tripartite Pact, Dr Aleš Bebler, declared on his arrival in Belgrade that useful work had been done in Athens.

July 6-th

— Talks on the resumption of railway traffic between Yugoslavia and Rumania began in Belgrade.

July 7-th

— President Tito congratulated President Mr. Peron, on the anniversary of the independance of Argentina.

July 9-th

— Jugoslavia gave her consent to the appointment of the new Indian Ambassador to Yugoslavia, Mr. Dayal.

July 10-th

— A delegation of the Yugoslav Air Force headed by General-Colonel Zdenko Ulepik, returned from Greece, where it had been the guest of the Greek Royal Air Force.

July 10-th

— The Plenipotentiary Minister for Foreign Affairs, Predrag Ajtic, was appointed minister to Albania.

July 14-th

— President Tito congratulated M. Coty, President of the French Republic, on the French National Holiday.

July 14-th

— President Tito received the representative of the World Organization of ex-Fighters, Mr. Alfred Vanderbilt.

July 16-th

— The president of the F.P.R.Y. Parliament, Moša Pi-jade, forwarded letters to the presidents of Greek, and Turkish Parliaments in connection with the decision to establish a tripartite consulting parliament.

July 20-th

— His Majesty the Emperor of Ethiopia, Haile Selassie, was welcomed by 300.000 inhabitants of Belgrade on the occasion of his official visit to Yugoslavia. The population organised many friendly manifestations to the Emperor of Ethiopia during his stay in Yugoslavia. The Lord Mayor of Belgrade presented the freedom of the city to the Royal guest, Emperor Haile Selassie and President Tito attended a military parade at Zemun airport.

Talks were held at Brioni, after which an official communique was issued, expressing the wish to develop relations between Yugoslavia and Ethiopia, especially in the economic and cultural fields. The Emperor Haile Selassie left Split harbour on the 26-th of July, and sailed on the „Galeb“ to pay a visit to Greece.

July 22-nd

— President Tito declared that the Geneva agreement was a serious contribution to the strengthening of peace in the world.

July 23-rd

— President Tito congratulated President Nagib on the occasion of the Egyptian National Holiday.

July 24-th

— A trade agreement with Israel was signed in Belgrade. Exchange of goods amounting to three and a half million dinars were scheduled.

July 28-th

— The Greek, Turkish and Yugoslav governments agreed that the three Ministres of Foreign Affairs should meet in Bled on the 6-th of August.

## YUGOSLAVIA AND THE WORLD

July 3-rd

— The trade agreement between Yugoslavia and Argentina was signed in Buenos Aires.

July 5-th

— A Socialist Union Delegation of Workers of Yugoslavia left for Norway as guest of Norwegian worker's party. A similar delegation will go to Belgium as the guest of the Belgian socialist party.

July 8-th

— The Yugoslav Ambassador in Vienna, Drago Vučinić, made an official tour of Koruška, Tyrol and Foralberg.

July 8-th

— A trade agreement between Yugoslavia and Lebanon, signed during the recent visit of the Yugoslav delegation to the countries of the Near East, came into force.

July 8-th

— A Yugoslav Tourist exhibition was opened in Cairo.

July 8-th

— The Croatian representatives won first prize at the international Folklore Festival at LANGOLLEN, Wales.

July 12-th

— The trade agreement between Yugoslavia and Syria was ratified in Damascus.

July 11-th

— A Yugoslav economic delegation, headed by Jakov Blažević, arrived at St. Jago in Chile.

July 19-th

— A new trade agreement between Yugoslavia and Uruguay was signed in Montevideo.

July 19-th

— At the plenary session of the Economic and Social Council in Geneva, the Yugoslav delegat, Dr. Brilej, pointed out the necessity of founding a special fund for economic development.

July 20-th

— Mrs. Pandit Nehru declared on her arrival in New Delhi that she was delighted with her stay in Yugoslavia, and wished to visit it soon again.

July 21-st

— An exhibition of pictures by the Yugoslav painter, Zlatko Prica, was opened in Rio de Janeiro.

July 23-rd

— A Yugoslav economic delegation arrived in Trieste to discuss trade and payments agreement with Zone „A“ of the Free Territory of Trieste.





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Vienna, Munich, Frankfurt, Bruxelles,  
Trieste, Athens, Constantinople, Beyrouth,  
Alexandria, Addis Ababa



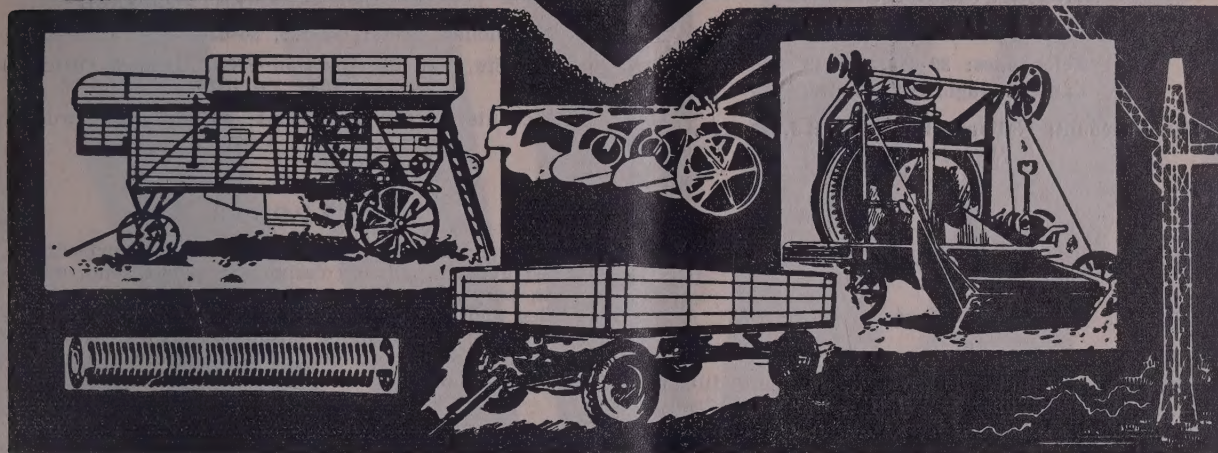
### *Sells and purchases all kinds of wood and timber products.*

Sawn softwoods and hardwoods,  
finished timber products,  
dry distillation products  
and chemicals





# TEHNOPROMET



**THE YUGOSLAV INDUSTRY SUPPLIES YOUR NEEDS.  
DO YOU WANT TO IMPORT FROM YUGOSLAVIA. —**

**MACHINERY:** agricultural, building, wood working, metal working, centrifugal pumps.  
Building and Mine equipments.

Agricultural equipment and implements.

Railway-wagons and tank cars, crossings and junctions.

**STEEL CONSTRUCTIONS:** bridges, halls, cranes.

Steel furniture, scales, weighing machines, kitchen ranges and utensils, sheet barrels, junction material (nails, bolts and nuts and so on).

Radiators with boilers and armatures.

Hand tools, hand irons, lanterns, building fittings, dishes.

**FORGINGS AND PRESSED MATERIAL:** shovels, spades, pick-axes, hammers, chains and similar.

**ROLLED MATERIAL:** railroad and industrial rails, black- and galvanized sheets, seamed tubes, electrodes.

**NON-FERROUS METALS:** lead tubes, brass and copper sheets, bars and pipes.

PLEASE GET IN TOUCH AND ASK FOR QUOTATIONS  
ONE OF THE OLDEST YUGOSLAV FOREIGN TRADE  
CORPORATIONS FOR METAL AND MACHINERY  
EXPORT AND IMPORT



## TEHNOPROMET

**BEOGRAD — Nušićeva 6**

**Telephone: 20-259**

**Cable Address: TEHNOPROMET BEOGRAD**

**Teleprinter: 01-130**

**P. O. Box: 239**





# „JUGORIBA“

## EXPORT-IMPORT

### ZAGREB

TRG REPUBLIKE 8/II

P. O. B. 71 (Yugoslavia)

Telephones: 39-048, 39-049

Cables: „Jugoriba“, Zagreb

Bank account: National Bank F.N.R.J. Zagreb,  
№ 407-T-36



#### EXPORTS:

##### CANNED SEA-FISH IN OLIVE OIL

(Sardines, Fillets, Tunny-fish, Mackerel-fillets etc. — Medaillon-brand, Istra-, Dalma-, Adria-, Sardina-, Arena-, Moreska-, Consul-, Marine-, and Opatija-brand)

SALTED SEA-FISH IN BARRELS AND TINS  
ANCHOVY-PASTE  
SPONGES AND CORALS

#### IMPORTS:

ALL ACCESSORIES FOR FISHING & FISH- AND  
FOOD-INDUSTRY.

# „DALMATIA CEMENT“

## EXPORT — IMPORT

### ZAGREB — YUGOSLAVIA

Mažuranićev trg 13

P. O. Box 116

Cable address: „DALMACEMENT“ ZAGREB

Telephones: 23-191, 23-126, 36-634

Bankers: National Bank of FNRJ, Branch Office 407  
NRH, ZAGREB

Accounts: account current 407—07, or ordinary  
407-T-31.

#### EXPORTS:

Cement, bauxite, aluminum colours, raw gypsum, baked gypsum, calcium carbonate, quartz sand, magnesit, baryt, bentonite, marl, marble and stone, bricks, tiles and raw ceramic, quick (normal) lime and hydrotizel, light building insulation plates, asbestoscement products, refractory materials, ceramic sanitary fittings and reeds and prefabricated houses.

#### IMPORTS:

Coal, anthracite, coke and brickets, asbestos, caoline, graphite and products of graphite, refractory materials, stannary, raw iron, steel, rolled, drawn and pressed metallic products.

MAINTAINS DIRRAMATED BUSINESS RELATIONS ALL OVER THE WORLD.

# ŠIPAD SARAJEVO,

Ulica JUGOSLOVENSKE NARODNE ARMije  
BROJ 48.

## Enterprise for Wood and Timber Exports

International telephone: 39 42

Other telephones: 38-01, 28-30, 24-88, 40-52,  
44-96.

P. O. Box 213.

## Export Warehouses: DUBROVNIK, RIJEKA, ŠIBENIK

#### EXPORTS:

sawn softwood and hardwood: fir, spruce, pine, beech and oak. Railway sleepers, beech fuel and cellulose wood, unbleached sulfide cellulose charcoal, finished timber products, veneer, beech plywood.

#### IMPORTS:

Materials and equipment for the forest industry of the People's Republic of Bosnia and Hercegovina

BRANCH OFFICES IN: LONDON, ZURICH, MILAN AND CAIRO

AGENTS IN: GREAT BRITAIN, ITALY, ALGUERS, TUNISIA, SYRIA, LEBANON, ARGENTINA, EGYPT, MOROCCO, TRIESTE, PERSIA, ISRAEL, HOLLAND, GREECE AND AUSTRIA





**BEOGRAD**  
**EXPORT - IMPORT - REEXPORT**

INTERNATIONAL BUSINNES AGENCY  
BEOGRAD, CETINJSKA № 9, TEL. 29-439

OFFICES IN:  
BEOGRAD, ZAGREB, NOVI SAD AND LJUBLJANA

REPRESENTS AND IMPORTS FROM:

„DUCATI“ — BOLOGNA — ITALY  
PRESTCOLD — OXFORD — ENGLAND  
MISAL — MILANO — ITALY  
„VARIOSS“ — ORONINGEN — NETHER-  
LANDS

MIAG — BRAUNSCHWEIG — W. GER-  
MANY  
„JUCKER“ — MILANO — ITALY  
HOLZ-HER — NURTINGEN — W. GER-  
MANY

TRIUMPF — STUTTGART — W. GER MANY ETC.





# JUGODRVO

**TIMBER TRADE CORPORATION**

Established in 1946

**BEOGRAD, TRG REPUBLIKE No. 5**

Cables: Jugodrvno, Beograd

Phones: 21-794, 21-795, 21-796, 21-797

Exports all kinds of timber and wood products. Offers and buys all sorts of wood on the home market. Concludes transactions with foreign dealers on behalf of producers.

Our staff is experienced in all export business and we maintain commercial contacts throughout the world

Offices at home: Zagreb, Sarajevo, Rijeka

Offices abroad: Düsseldorf, Milan, Vienna, London

Agents in: Great Britain, Italy, Holland, Greece, Turkey, Egypt, Israel

# JUGODRVO